

## **Appendix 1**

### **Universal Credit roll out in Tower Hamlets**

#### **Benefits Service experience**

This report provides an overview of the council's Benefits Service experience of the Universal Credit roll out in Tower Hamlets for the current financial year 2018/19. The Service also holds data for the previous financial year 2017/18.

This year the Benefits Service has referred 539 Universal Credit cases back to the DWP as accuracy queries.

The 539 referrals arose as the council's Benefits Assessment staff identified the errors as they were assessing Housing Benefit/Local Council Tax Reduction claims with Universal Credit awards.

It is pertinent to note that the errors have been identified routinely rather than following a prescribed checking process. The council receives no funding to identify and remedy error on Universal Credit claims. Our experience shows that if such funding were made available by DWP the referral rate would be substantially higher and there could be less error in the Universal Credit system.

Despite the lack of funding, the council's Benefits Service has allocated a dedicated resource to these referrals; this resource liaises with the DWP and with the customer to facilitate the correction of UC errors identified.

It should be noted that the DWP will not act upon notification of a Universal Credit error from the council. This is despite councils being considered "partners" in the delivery of Universal Credit by the DWP.

As a consequence the DWP will often advise the council that they will correct errors which the council has identified only after the claimant notifies them of the error. The exception being where the council, the claimant and the DWP are all together and the claimant gives permission for the council to act on the claimant's Universal Credit claim.

Where such permission is granted it is only allowable once. If another error were to be subsequently identified on the UC claim, the DWP require fresh permission to be obtained from the claimant again before the council can act on the claimant's behalf once more.

This bizarre process is far apart from Housing Benefit administration where the DWP and councils work in genuine partnership and deal with errors immediately on welfare benefits and on Housing Benefit claims without the claimant needing to be contacted. The claimant is only contacted after the errors are swiftly resolved. These arrangements reduce error, minimise underpayments and overpayments in the system and in so doing provide a better experience for residents.

Our local experience informs our view that the current liaison arrangements are not fit for purpose. The DWP appear to have developed a UC delivery model where councils are spectators in the Universal Credit process with the one exception, the council's role of ending Housing Benefit entitlement after a claim for Universal Credit has been made.

Our liaison concerns and the level of error identified locally have both been communicated to DWP.

Universal Credit consists of two elements, the living element and the housing element. The Benefits Service has focused particularly on identification of two areas, overpaid Universal Credit housing element and underpayments of Universal Credit housing element.

#### Universal Credit error resulting in overpayments

There are several examples where Universal Credit housing element was paid incorrectly due to the accommodation being exempt; supported accommodation or temporary accommodation after the 11<sup>th</sup> April 2018 or when there has been a rent change which should of triggered UC ending and housing benefit being awarded.

The council identified a Universal Credit case overpayment involving payment of UC housing element to a claimant placed in supported exempt accommodation. The claimant was placed in supported accommodation following their partner passing away; the children were placed into care. The council identified early on that the claimant was receiving both UC housing element and also the child element in error. It took repeated notifications from the council to the DWP (at least seven and escalation requests) for the matter to be resolved. A UC overpayment of over £18k resulted.

The council identified one case where Universal Credit was paid in error due to the claimant not actually being eligible to claim as the family had three or more children. This error accounted for the largest overpayment identified of £25,206.27. The error should have been easy to identify as ineligible for Universal Credit using the DWP's own restrictions/rules. Of all our cases identified where there have been two child restriction cases (three claims had three children and one had five children), these account for in excess of £50k in UC overpayments.

The council has identified Universal Credit cases where the DWP have investigated claimants for fraud and informed the council that the fraud has been proven, there is no entitlement to benefits and the claim should not be paid. The council has advised the DWP that the fraudulent claimant has successfully claimed Universal Credit which has been paid by DWP in spite of the DWP's own fraud investigations. These are overpayments.

To date, the total value of Universal Credit overpayments identified by the council and referred to the DWP for correction is £194k, this in respect of 43 cases with an average of £4,510.77 ranging from £25k to £277.00.

Again, it is worth stressing the point that these errors are being identified as council Benefits Assessors routinely perform their tasks rather than actively looking at identifying error.

#### Universal Credit error resulting in underpayments

Identification of Universal Credit underpayments occurs where the DWP has missed off or wrongly calculated the housing element of Universal Credit.

During the year the council's Benefits Service has identified cases where the DWP has refused to pay the housing element of Universal Credit as the DWP incorrectly believed the council should be paying housing benefit for temporary accommodation claims prior to 11<sup>th</sup> April 2018.

Our experience suggests DWP also ended claimants UC housing element if the claimant mentioned temporary accommodation on their Universal Credit journal or had a non-change in rent change of circumstance e.g. a partner joined the household which seemed to trigger Universal Credit housing element ending. In these cases, council staff have had to explain to Universal Credit staff what their own rules and regulations are and why Universal Credit housing element has to continue (as there was no change in rent/temporary accommodation charges).

The council confirmed the DWP had wrongly applied UC rules to one case in temporary accommodation; the DWP refused to pay the claim as a result of the claimant not submitting 'rent proof' until after the 11<sup>th</sup> April 2018. This took some work by the Benefits Service to convince the DWP of their error and the claimant was eventually awarded £8k.

The council has identified many cases where rent reduced on Universal Credit claims. These errors were traced back to a UC assessment error whereby inputting of rent increases treated a weekly rent as a monthly rent. As a result of our intervention the claims were corrected over time.

The Benefits Service has identified incorrect Universal Credit award components on many cases for example where children are missed off of the UC assessment, where carers' element is not awarded, etc.

The council have identified UC cases where claimants are not paid at the correct rate especially in the cases where joint tenants have vacated and the incorrect proportionate joint tenant amounts of UC housing element has been awarded.

On one case, a claimant whose partner was a pensioner had passed away; so she had to claim Universal Credit. The DWP treated her deceased partner as a joint tenant as his name was on the tenancy agreement. Despite being aware that she was claiming as a single person, the DWP awarded UC housing element at only 50%.

The same case is still not assessed correctly by the DWP as they have restricted her rent due to social sector size criteria rules (bedroom tax) from the start of her claim when she should have qualified for maximum entitlement of UC housing element for the first 3 months.

To date, the total value of Universal Credit underpayments identified by the council and referred to the DWP for correction is £150k, this in respect of 143 cases with an average of £104.49 ranging from £8k to £29.00.

#### Universal Credit – outstanding and resolved UC case queries

The Benefits Service currently has 197 outstanding Universal Credit queries with DWP made this financial year. There are other case queries still outstanding from 2017/18 with the DWP.

146 Universal Credit queries have been resolved with DWP which had no under or overpayment.