

Neighbourhood Services  
Scrutiny Commission

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**The DWP's Universal Credit:  
Leicester's First Year**

Date of Meeting: 4<sup>th</sup> September 2019

Lead Member: Cllr Kirk Master

Lead Director: Alison Greenhill

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## Useful Information

- Ward(s) affected: All
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### 1. **Purpose of Report**

- 1.1 The purpose of this report is to provide an update on the impact of the first year of the government's Universal Credit (UC) scheme as administered by the Department for Work & Pensions (DWP), which went live in Leicester on 13<sup>th</sup> June 2018.

### 2. **Summary**

- 2.1 The government is introducing UC administered by the DWP to replace several existing benefits, including Housing Benefit as currently administered by the Council. Over 12,000 individuals now receive it in Leicester, over half of whom rely on it to pay rent. This figure is expected to increase to over 20,000 by 2021. Online-only claims, five weeks plus waiting times and direct lump sum payments to claimants present ongoing service challenges. Vulnerable households including lone parents, people with disabilities and persons from abroad face reduced or ended entitlement due to both benefit design and accessibility issues.

### 3. **Recommendations**

- 3.1 The Commission is asked to note and comment on the following: -
- a) Impact analysis;
  - b) The UC Strategy 2017-2020 (Appendix 1);
  - c) Equality Impact Assessment (Appendix 2); and
  - d) Risk log (Appendix 3)

### 4. **Overview of the impact of Universal Credit**

- 4.1 The Department for Work and Pension's (DWP) aim in relation to UC is *to ensure a smooth transition between welfare and work, at the same time as promoting financial and digital inclusion.*
- 4.2 UC replaces six existing working age benefits which are:
- Income-based Jobseeker's Allowance,
  - Income-related Employment and Support Allowance
  - Income Support

- Child Tax Credits
- Working Tax Credits
- Housing Benefit (HB).

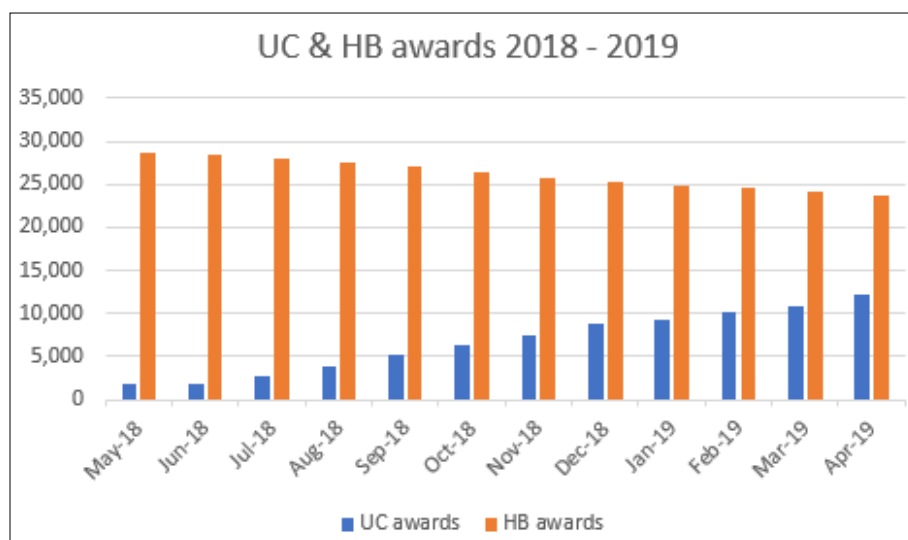
- 4.3 UC represents a significant change from the benefits it replaces, presenting both practical and financial challenges to the Council during implementation. Applications are predominantly made online, with an expectation that claimants will continue to manage their claim online. For a minority this is the first time they have had to use a PC and many lack the necessary skills.
- 4.4 Payment is made monthly in arrears, with a minimum five week wait for a first payment, which in most cases is paid directly to the claimant, the implications of which are increased importance of money management and the need to prioritise key expenditure such as rent. Options are also available to request more frequent payments and payment of the Housing Cost element directly to landlords.
- 4.5 The impact of UC on household income is complex - for those in employment UC is financially beneficial, as benefits are withdrawn at a slightly lower rate for increased earned income. UC allowances for some groups are less generous:
- Disabled households see a sharp reduction in income on UC as additional disability premiums do not exist – the most severe of these are now able to remain on Housing Benefit if they have not already migrated to UC;
  - Lone parents and second earners also receive less generous income disregards;
  - Large families affected by the Benefit Cap moving onto UC are no longer protected by a minimum award of Housing Benefit, instead facing further reductions in their living costs –Some households have been left without Housing Costs, after a UC claim has been made and HB has ended, due to failing Persons from Abroad tests and/or DWP incorrectly identifying claimants as living in Supported Accommodation.
- 4.6 Since the rollout of UC the council has worked closely with the DWP, departmental and external stakeholders to identify and mitigate risks. Key Performance Indicators (KPI) are collected monitored monthly to identify trends referred to in Sections 7 to 9.

## 5. **Universal Credit implementation to date**

- 5.1 UC was first introduced for working age claimants in Leicester in January 2016, on a limited basis for single, childless claimants. 2,300 claimants were receiving UC by December 2017, of which a third were receiving the Housing Costs Element, potentially having responsibility to pay their rent directly for the first time.
- 5.2 From 13<sup>th</sup> June 2018, UC replaced new claims for heritage benefits, with the exception of pension-age claimants, families with three or more children, or those living in temporary or supported accommodation, significantly increasing the number of households eligible for UC.
- 5.3 By the end of May 2019, the DWP stated that there were 12,196 claimants receiving UC, in Leicester, with approximately half understood to rely on the Housing Element for rent payments. The Council is unable to determine whether this matched DWP

expectations as they have published very little local information relating to the take up and roll out of UC.

- 5.4 As can be seen below, natural migration to UC had begun to slow to under 1,000 households per month, but increased from 1<sup>st</sup> February 2019, as an additional 4,500 households, with three or more children, have become eligible to claim UC and transfer from HB to UC as changes in their household circumstances occur. Over the past twelve months, the Housing Benefit caseload has decreased by just under 5,000 households, whilst UC cases have increased by over 10,000.



- 5.5 New legislation effective from 15<sup>th</sup> May 2019 also means that most working-age HB households will be unable to migrate onto pension-age HB; they will instead need to claim UC until the younger partner is also of pension age.
- 5.6 Full migration of the HB caseload is expected to start nationally in 2021 and completed by 2024. Over the next two years at Leicester we expect natural migration to UC to mean 5,000 fewer HB claimants. The overall UC caseload is expected to increase by 20,000 over the same period.
- 5.7 Pension-age claimants, households receiving a Severe Disability Premium and those in temporary or supported accommodation (including Hostels and Bed & Breakfast) are expected to continue to be eligible to claim HB for the foreseeable future.
- 5.8 UC full service rollout was completed nationwide in December 2018 and the overall caseload has now exceeded 1.4 million. Processing times of the DWP have improved, with 86% of new claims being paid in full on time compared to 78% in December 2017.

## 6. Impact upon the HB caseload

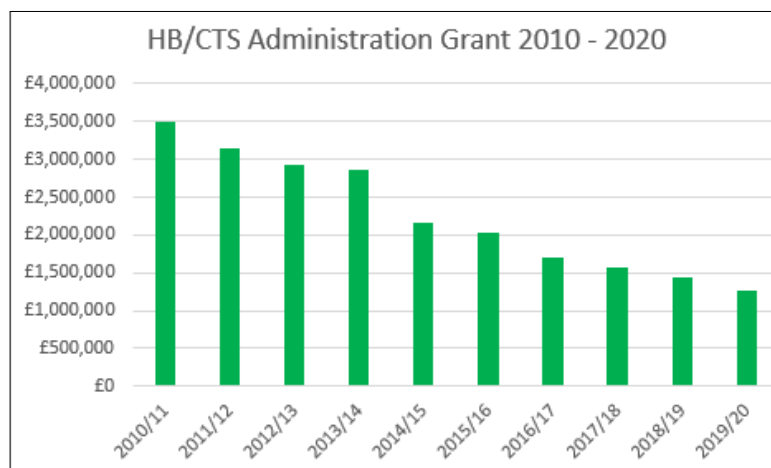
- 6.1 As anticipated, the working-age HB caseload has declined by 4,565 from 21,412 to 16,847 (approximately 400-500 households per month) whilst the number of new claims received has reduced from 220 to under 100 per week. Council Tax Support however has seen a significant increase in the volume of changes being reported,

particularly those related to UC. Since June 2018, the service has received an additional 50,124 UC related notifications requiring an additional 4,663 hours of officer time to process, the cost of which is not fully funded by the DWP.

6.2 It is anticipated the HB caseload will continue to fall at a steadily reducing rate over the coming months, with new claims remaining at their current level and unless the DWP respond to local authority concerns the administrative and financial burden of UC notifications will become increasingly significant for Leicester.

6.3 In response to these concerns, the DWP stated in the National Audit Report on the 'Roll out of UC so far' report *"Universal Credit is creating additional costs for local organisations that help administer Universal Credit and support claimants. Local authorities (LAs) told us that they have faced additional burdens during the development of Universal Credit, such as through increased administration for processing Housing Benefit stop notices. The Department... told us that it will pay for additional costs if authorities can prove them. The Department places the burden of proof on authorities, uses its discretion in assessing claims, and has not sought to systematically collect data on these wider costs. However, these extra costs are not included in the Department's estimates of the programme's costs."* This demonstrates the DWP's failure to recognise the administrative burden and associated financial implications for LA's.

6.4 The DWP informed us in February 2019 that the HB and CTS Administration Grant would be reduced from £1,429,272 to £1,263,825 for 2019/20. Grant funding has not met HB administration costs for some years, having already reduced by over 50% between 2012 and 2018. Councils nationally are struggling to reduce administration costs and maintain services. Resources within the Revenues & Customer Support Service have reduced by 18% but are now faced with a further delay in managed migration, further impacting on strategic planning.



6.5 The Council has shared our experience within our core cities benchmarking group, who in turn have raised these issues directly with the national Practitioners' Operational Group. Also, written on two occasions, over the past year, to the Housing Benefit Delivery Division of the DWP raising our concerns over this additional burden. We will continue to monitor and raise this issue both locally and nationally.

6.6 Confirmation that tenants in Specified, Supported and Temporary Accommodation will remain part of the HB scheme has provided some administrative certainty, although concerns remain as to whether HB can be relied on to continue long-term to cover the lifetime costs of capital investment. The complex nature of these cases

also presents a high risk from a subsidy audit perspective, are administratively burdensome, and add to funding pressures as they are only partially subsidized by central government.

## **7. Impacts on income collection**

- 7.1 A number of financial impacts have already been identified as a result of UC implementation, and these are likely to continue to have an effect across the city and for the Council - in particular tenants, and clients who are financially vulnerable, including households with children. The most notable impacts to date are issues with rent and council tax collection, benefit overpayment recovery and demand for crisis grants.
- 7.2 The declining proportion of weekly HB being credited into rent accounts for Council properties has, as anticipated, had a negative impact on rent collection arrangements and cash flow. Prior to rollout Housing Services put in place a number of proactive measures and strategies to mitigate the impact pilot areas have seen. This included the appointment of 3 Rent Management Officers, for a two-year period, who will work with those tenants moving onto UC They will work directly with these households; to support them through the initial process and to empower them to manage the process going forward.
- 7.3 In addition, provision of signposting, advice and shared learning delivered between income management officers and Local Jobcentre Plus Front-line Officers is in place at the Charles St and New Walk Job Centres. Originally, this took place at three locations, but it was felt the initiative had more impact being delivered from two locations. This offer is currently under review; however, it is planned to site Housing Options officers within the 2 main JCP sites to support tenants, from any tenure, but particularly those from the private rented sector.
- 7.4 Where rent arrears already exist, or are compounded by payment waiting times, the Council as landlord, with its Trusted Partner status; enables alternative payment arrangements (APA's) to be put in place, without an additional sanction by the DWP. This means the payment of the housing cost element of UC is paid directly to a landlord, for a limited timeframe. This 3<sup>rd</sup> strategy has again lessened the negative impact upon our rent collection position.
- 7.5 By the end of Quarter 4 a total of 1,678 Council tenants were receiving UC under the new claim system, equating to 8.33% of all council tenants. Total rent arrears for LCC UC tenants as of 31<sup>st</sup> March 2019 was £444,000, compared to all LCC tenants; which was £1.627m. The proactive intervention by Housing Services for Leicester's tenants, on UC, has meant their arrears position for 2018/19 is on average £236 per tenant, compared to a national average for 2017/18 of £772<sup>1</sup>. 23% of Council tenants on UC have no rent arrears, comparable the national picture of 27%<sup>2</sup>.
- 7.6 CTS claims have reduced by 5.9% (30,650 to 28,836), in part due to the requirement for a separate application to be made with the Council for UC claimants. Previously, this would have been a dual claim with HB. This presents a challenge, although active take up promotion and successful engagement with

<sup>1</sup>National Federation of Arm's-Length Management Organisations (NFA) and the Association of Retained Council Housing (ARCH)

<sup>2</sup> CA, Rent Arrears: Causes and Consequences for Clients (October 2018)

Housing Services and JCP colleagues has kept the reduction in CTS cases due to UC migration to a minimum and helped to maintain Council Tax collection.

- 7.7 We have identified that while UC claimant await their first payment of UC, which is a minimum of 5 weeks wait, there will be some households where there are insufficient funds in the bank account to pay DD or pay instalments by Paypoint. This missed payment will have resulted in some households being subject to recovery action to collect unpaid council tax. Where further recovery activity has taken place, we know of 130 who have subsequently been able to successfully re-establish payment arrangements before recovery action has taken place. Between June 2018 and April 2019, 591 Council Tax Discretionary Relief applications from UC claimants were awarded, relieving some of the financial pressure of transition on households and contributing to a record CTDR expenditure of £380,000, although still below the nominal budget figure of £500,000 per annum.
- 7.8 It is too early to fully understand the impact on the collection of Council Tax however, there are indications collection (where we are able to track recovery) from UC CTS claimants remains lower than the wider CTS caseload. This is significant although comparable to previous welfare reform impacts – when Council Tax Benefit was abolished, and our local scheme introduced, requiring Council Tax payment for the first time, 42.5% of those previously entitled to maximum benefit were subject to recovery action. Overall, the collection of council tax for the LA remains on target as only a low percentage of charge payers are on UC, however as UC rolls out this may become a significant problem for Leicester if the payment behaviour cannot be influenced. We are limited within the statistical information we can obtain as we are not able to report on the number of Households in receipt of UC.
- 7.9 Income collection is becoming a challenge for the LA. A relatively high proportion of claimants who migrate onto UC have outstanding HB overpayments (HBOP), typically being recovered through deductions to ongoing HB entitlement. Currently the authority has £3.75m of HBOP being recovered through ongoing deductions. For Leicester, the current overall outstanding HB overpayment debt is £15.37m. Whilst the working-age HB caseload has reduced by 12.3%, the number of claims with HB deductions has already fallen by 17% reducing from 4,123 in June 2018 to 3,420 in January 2019. In principle, the recovery of this debt *could and should* continue from UC entitlement.
- 7.10 The collection of HB is a low DWP priority within their list of priority debts and where the claimant has multiple primary debts to be collected via attachment to a UC award it is highly unlikely a HB overpayment will be deducted. This leaves the council with a huge debt and collection challenge. Less than 0.5% of HB debt referred for a DWP attachment has been recovered since June 2018, with over £1m awaiting referral to DWP.

## **8. Help for UC claimants - Universal Support, information & Signposting**

- 8.1 From January 2016 the DWP has funded Personal Budgeting Support (PBS) and Assisted Digital Support (ADS) to support UC claimants with the non-digital claim process. The support includes both budgeting and debt management advice.

Leicester's provider was Citizens Advice Leicestershire (CITAL) this offer will end for the city from October 2019.

- 8.2 From April 2018 to March 2019, the DWP provided grant funding to the Council to provide ADS support only. This funding was used to promote, coordinate and deliver the existing offer and tailor take-up specifically for UC claimants.
- 8.3 LCC invested in additional ADS support - 10 hours a week spread across the city which was a successful initiative coordinated by Leicester Adult Skills and Learning Services (LASALS). Up to November 2018, the scheme has exceeded expectations and the national trend, but not DWP targets; offering over 200 hours of support over 100 sessions to over 70 users, half of whom are identified as having complex needs. The scheme offers weekly support sessions in libraries, JCP sites, the Dawn Centre and the Y centre, and has also referred many customers onto intensive English as a Second Language (ESOL), literacy and numeracy courses.
- 8.4 From April 2019, funded by the DWP Citizens Advice (CA) nationally launched the new Help to Claim service, which replaces ADS and helps UC claimants up to the receipt of their first payment. Support is available face-to-face at all three Jobcentre sites, online and by phone. Once the Help to Claim offer has been completed, referrals are made to our funded advice service (CitAL) where necessary. The LASALS offer will continue and has been reconfigured to offer support to a wider customer base.
- 8.5 In terms of logistical support, the Council continues to provide free access to Wi-Fi and 182 PCs at the Customer Service Centre on Granby Street and through library locations. There are LCC webpages dedicated to Universal Support and how to access this support. There are digital skills courses available, (booked through the libraries, and via the Council website) to support people to get on line and assist them to set up email accounts, building their computer confidence etc. so they are able to apply for and manage their UC claim.
- 8.6 The Council's front of house offer at Granby Street and library locations have been recording contact made in respect of UC. Demand over the phone and face to face, for generalist advice, directly from Customer Services for UC advice has been consistently low. Customers attending the CSC in Granby Street having been making use of the digital space; using the PC's to access DWP websites to make and manage their online claims, particularly to report a change in their circumstances. The LCC website refers them on to the UC claim web page. Online tools, developed by the Council, help to advise claimants whether they should make a new claim for UC. These have been accessed over 30,000 times, since June 2018, and we have received positive feedback about this service
- 8.7 From a Housing perspective, there are now greater challenges to collect rental income with the introduction of UC full service. The housing element of the new benefit is now paid directly to the claimant and therefore tenants are responsible for paying the rent themselves, where previously their housing benefit was paid directly to the council. Other authorities, where this has already been introduced have seen a substantial increase in their level of rent arrears. The Income Management Team are currently focussing and adapting to the recent implementation of UC and how best to support tenants to ease hardship. The team have recruited four specialist Officers to help and support tenants through the transition of this new benefit and mitigate the risks of delayed payments which can result in poverty. The team are co-locating from local JCP sites to meet with tenants



at the early stages of their new benefit claim to offer any help, support and advice whilst waiting for their first payment. Neighbourhood Housing Officers have also visited over 800 vulnerable tenants, who we believe may move onto UC quickly, to establish whether they have support needs that the Rent Management Advisors can assist with. The DWP has granted the council Trusted Partner status. One of the benefits of this is that we can automatically apply for managed rent payments directly to us, for those tenants that are vulnerable or are likely not to pay their rent.

- 8.8 From the Social Welfare Advice perspective, the Council is committed to ensuring that local residents, who need help to resolve their issues, are able to access the advice they need. We recently procured a new £3m contract for the provision of general and specialist advice, located in both the Customer Service Centre, in Granby Street, and in 9 outreach locations across the city. The new advice service will actively support those people who need help to seek legal justice, such as challenging legal decisions in relation to welfare benefits. Without this support, these issues will have a serious, detrimental impact on their lives.
- 8.9 The service will be provided by CITAL, the Community and Law Service and the Council's in-house specialist welfare benefits service. General advice is available in relation to welfare benefits, housing, debt, employment, community care, immigration and family issues. Specialist advice, including representation at appeals and tribunals is also available in relation to welfare benefits, housing and debt.
- 8.10 During 2017/18, the Council's funded advice providers supported 33,563 people to resolve their issues, many of these cases were complex, with people experiencing multiple issues. The main categories of advice that people sought advice for were welfare benefits (16,780), debt (4,051) and housing (4,044). Providers undertook 535 mandatory reconsiderations of welfare benefit awards and appeals, with an 82% success rate. Funded providers also achieved an additional £2.96m, consisting of both weekly payments and lump sums.
- 8.11 Concerns have also been raised at Children's Centres about clients not having internet accounts, with making an application for UC and to manage that claim on an ongoing basis. This is particularly challenging where there are language barriers. Provision of publicly accessible PC's will be addressed in the coming months and advice on how to set up or get help to set up on line bank accounts distributed. The DWP offer Help to Claim can also address this issue.
- 8.12 The most significant impacts are expected to come with managed migration for ASC clients, but there has been a steady stream of issues due to changes impacting on our time. With regard to specialist welfare casework, there has been a limited number of appeals cases coming through so far because there are still low numbers having to claim. However, the ones that have been received tend to be complex – they are typically time-consuming or extremely difficult to resolve. For example, where clients have been misadvised to claim UC and cannot subsequently return to heritage benefits. The Persons from Abroad team have experienced delays in getting claims up and running, leading to the LA having to fund cases for longer than usual. Instances of this happened within the previous benefit schemes, this isn't unfortunately anything new however will continue to be closely monitored to evaluate whether the occurrences within the UC scheme have a greater impact than previous benefit schemes.

**9. UC DWP liaison, delivery and planning**

- 9.1 Over twelve months the Council has prepared for the rollout of UC, having developed a strategy, programme of work and engagement with key stakeholders to ensure we were fully prepared.
- 9.2 The service has proactively engaged with the DWP, Local Job Centre Plus (JCP) to build experience, knowledge and develop good operational practices within the UC Local Service to prepare for UC. This has culminated in the receipt of a DWP Customer Service Accolade (One Service Certificate) voted by the local DWP Job Centre staff for excellent collaborative working, across departments supporting Universal Credit Full Service Rollout. Particular successes in resolving local issues include the establishment of Single Points of Contact for vulnerable customers such as Care Leavers and those with disabilities, co-location of Council officers at JCP sites to provide advice and assistance, and cross-training on UC, and related matters, delivered both from and to Council and DWP staff.
- 9.3 The Council will continue to work with the DWP despite the challenges ahead to deliver subsequent UC implementation, and continues to meet regularly for resolution of both Operational and Strategic issues.

**10. Risks for the City**

- 10.1 The table below summaries the key risks and issues faced by the council and city residents as a result of the roll out of UC. A full breakdown of the risks faced by the council can be found at appendix 3.

<b><i>Risk or issue identified</i></b>	<b><i>Consequential effect</i></b>	<b><i>Existing actions</i></b>	<b><i>Likelihood of impact</i></b>	<b><i>Mitigation of impact</i></b>
<i>RISK - Ability to respond to legislative changes in a timely manner</i>	<i>The UC scheme is susceptible to change at short notice and provides for limited planning</i>	<i>HB also subject to major change at short notice for some years, so this can be seen as Business as Usual</i>	<b>Medium</b>	<i>Effective engagement with JCP and key stakeholders. Good working relationship with JCP local and strategic managers.</i>
<i>ISSUE - Direct financial</i>	<i>HB admin grant insufficient to administer HB.</i>	<i>Reviewing service Revenues &amp;</i>		<i>Remodel service to ensure fit for</i>

<i>impact upon the Council</i>	<i>Significant investment by LCC to support tenants and minimise rent arrears.</i>	<i>Benefit administrative structure as a result of UC rollout and financial constraints. Ensuring investment in TSO is realised.</i>	<b>High</b>	<i>purpose in respect of reduced but specialist caseload.</i>
<i>RISK - Customer Access</i>	<i>Loss of ADS funding from 2019 and PBS from CITAL from October 2019</i>	<i>Re aligning the digital offer to retain elements to support some claimants.</i>	<b>Medium</b>	<i>Provision of Help to Claim Service by CITAL &amp; SWA contracts</i>

## **11. The next steps**

- 11.1 Working with the DWP to develop and enhance the data available from the UC claimant cohort. This is currently significantly inferior to the data that was available to us via Housing Benefit.
- 11.2 Information will continue to be gathered from other Councils and stakeholder groups, so we can share continue to learn from our shared experiences. The project plans and risk logs will be continually monitored by the respective Director of Finance and the Director of Housing and their Lead Members and updated to respond to emerging issues
- 11.3 The communications plan is continually reviewed. Quarterly updates regarding UC welfare reforms are emailed to all Councillors, with additional information and presentations available as and when required. Further training and awareness may be required should further changes be carried out to UC delivery.
- 11.4 It will also be necessary to prepare for the planned migration for those people who will not be affected by UC immediately. Whilst it is currently anticipated that managed migration will not begin until early 2021, vulnerable groups will require additional support during this period, and further action may subsequently be required regarding pension-age and specialist-housed customers.
- 11.5 Continue to collate the additional costs being incurred by the division directly arising from the transfer of benefits to UC.

## **12. Financial, Legal and other Implications**

### **12.1 Financial Implications**

The report sets out potentially significant negative impacts upon income collection and debt management for a number of Council services. In addition, the demand

for personal support from front-line services could increase, as recipients adjust to the new arrangements

Colin Sharpe,  
Head of Finance, (x 37 4081)

## 12.2 Legal Implications

There are not any direct legal implications arising from this report.

Kamal Adatia  
City Barrister & Head of Standards Monitoring Officer

## 12.3 Climate Change and Carbon Reduction Implications

The Universal Credit Delivery Strategy appendix 1 identifies improved digital engagement as a key area. Details are contained in the main report. The use of on-line services by customers should reduce the need to travel and therefore the carbon dioxide emissions associated with travel by car and public transport.

Aidan Davis  
Environment Team (x37 2251)

## 12.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

There are no direct equalities implications arising from the recommendations of the report as it is for noting and comment. However, the impacts Universal Credit will likely continue have a significant effect on people/claimants from across all protected characteristics. As Universal Credit is rolled out more widely it will affect people with physical and mental health conditions, complex circumstances, families with children, and people in vulnerable situations including people who are homeless and people who struggle with addiction amongst others. These groups are likely to continue to require advice and support.

An EIA has been conducted on the roll out of universal credit (Appendix 2). The Public Sector Equality Duty is a continuing duty and therefore the EIA should be updated in line with any risks or issues disproportionately negatively affecting any protected characteristic groups that emerge which were not anticipated. The progress against the action plan should continue to be monitored to ensure that the mitigations identified are effective in reducing or removing the impact.

Hannah Watkins, equalities Manager ext. 37 5811

**13. Other Implications**

N/A.

**14. Summary of Appendices**

Appendix 1: UC Delivery strategy  
Appendix 2: Equality Impact Assessment  
Appendix 3: Risk log

**15. Is this a private report (if so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)**

No.

**16. Is this a “key decision”**

No.

**17. If a key decision please explain reason**