

CABINET

Date of Meeting	Tuesday, 18 th July 2017
Report Subject	Universal Credit Roll Out
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Community & Enterprise)
Type of Report	Strategic

EXECUTIVE SUMMARY

The welfare reforms will, by 2020, have reduced expenditure on social security benefits available to low income working-age households by around £31¹ billion per annum.

Since 2012, Flintshire County Council together with its partners have attempted to mitigate the full impacts of the reforms from falling upon vulnerable Flintshire residents and the report considers how to manage the impacts of the reforms being introduced under the provisions of the Welfare Reform and Work Act 2016.

An update on the emerging impacts that Universal Credit 'Full Service' is having on residents in Flintshire and how this will impact further as this is rolled out further through both natural and managed migration.

RECOMMENDATIONS

1	To note the report and continue to support the ongoing work to manage the impacts that Universal Credit Full Service has and will have upon Flintshire's most vulnerable households.
---	--

¹ The Welfare Reform Act 2012 introduced reforms that reduced expenditure on social security benefits by £19 billion pa and the Welfare Reform and Work Act 2016 is introducing reforms which will reduce expenditure by a further £12 billion pa.

REPORT DETAILS

1.00	EXPLAINING UNIVERSAL CREDIT
1.01	Universal Credit – Update Universal Credit (UC) is part of the UK Government’s programme of Welfare reform. The UK Government have introduced it as they believe it will address a number of problems inherent within the current social security system, which result in many workless households developing a culture of benefit dependency
1.02	UC ‘Full Service’ was implemented in Mold Job Centre on April 5 th and Shotton and Flint on April 12 th . UC Full Service replaces 6 legacy benefits for working-age claimants: <ul style="list-style-type: none">• Housing Benefit,• Income Support,• Job Seekers Allowance,• Employment Support,• Child Tax Credit and• Working Tax Credit
1.03	From April to June there were 362 customers in receipt of UC Full Service.
1.04	65 of these customers have been identified as requiring Personal Budgeting Support which has been provided by Flintshire’s Welfare Reform Response Team.
1.05	Connects officers have provided 352 customers with assisted digital support e.g. in making a new claim for UC and managing their online claim. (It is worth noting that assisted digital support is provided for both live and full service customers)
1.06	Footfall has increased by around 4% across the 5 Connects centres which can be attributed to customers requiring assisted digital support to make their initial claim and subsequent visits to update their claims.
1.07	As a comparison, by the end of 2016/17 the total number of customers in receipt of UC live service was 1200, 34 customers received personal budgeting and support and 26 received assisted digital support.
1.08	Impact on rent arrears – Flintshire County Council currently has 119 tenants in receipt of UC who have a combined rent arrear figure of around £37,000. It is important to note, however, that some of these arrears will have existed prior to UC full service and it is also possible that some arrears could have accrued due to the delay in payment at the beginning of a UC claim. More detailed analysis is ongoing to provide more specific detail in this area.

1.09	<p>Registered social landlords have around 60 tenants in receipt of UC who have a combined rent arrear figure of around £19,000.</p> <p>We are in the process of gathering information from all registered social landlords that will highlight the level of arrears at the point of conversion from legacy benefit onto UC. This data will allow us to fully quantify the impact on rent arrears attributed to UC.</p> <p>However, early indications are that the impact of UC has contributed significantly to the level of arrears</p>
1.10	<p>Concerns have been raised over the managed recovery of rent arrears directly from a customer's entitlement to UC. The maximum amount will be an amount equivalent to no less than 10% and no more than 20% of the benefit unit's Universal Credit Standard Allowance per month.</p>
1.11	<p>However, early evidence has shown that this amount can reduce payments of UC to a worryingly low amount of money for a customer to be expected to live on each month if there are other deductions being taken from the customer's monthly payments of UC, therefore increasing their hardship.</p>
1.12	<p>Impact on Council Tax arrears: In May 2016 the collection rate of Council Tax was 20.39% in comparison with May 2017 which is 20.37%. This difference in collection of Council Tax is approx. £17,000, or 0.02% reduction in collection.</p> <p>We have made an assumption that this could be related to the roll out of UC full service but we will complete further analysis in the year to confirm.</p>
1.13	<p>Impact on other services: We have not seen an increase in customers being referred through Flintshire's Supporting People Gateway.</p> <p>However, this area will continue to be closely monitored as it will provide further detail on the wider impacts of full service.</p>
1.14	<p>Impacts on partners: Citizens Advice Flintshire (CAF) have also been collating their experiences of UC.</p>
1.15	<p>72 people in Flintshire approached the CAF for help with UC during April and May 2017 and the most common issue they have helped customers with is in relation to calculations of UC.</p>
1.16	<p>CAF confirm an increase in food vouchers being issued in Deeside – 6 in April with an increase to 21 in May. We are in the process of gathering full statics from Flintshire's foodbanks to confirm usage across the authority</p>
1.17	<p>Support for Customers: Since April Personal Budgeting & Support has been delivered by the Welfare Reform Response Team. The decision to deliver this support internally is, to date proving to be having a positive impact on how we support customers on UC.</p>
1.18	<p>It has been identified that in order to ensure customers are fully supported through their UC journey that the local authority had to adapt to meet the</p>

	requirements of an increasing cohort of UC customers.
1.19	In response to the increase in customers a Welfare Reform Response Officer has been assigned to work alongside Job Centre staff to deliver the personal budgeting and support service
1.20	Personal Budgeting & Support cases have already highlighted issues including; payday lenders having direct access to a customer's bank account so that when their monthly UC is paid they are accessing the account and leaving the customer with insufficient funds to live on each month.
1.21	Measures are being put in place to support customers in opening up new bank accounts that their payments can be received into.
1.22	Training and communications are being delivered to all front line staff to provide advice and guidance in how best to support customers in receipt of UC.
1.23	The Welfare Reform Response Team are also responsible for administering Discretionary Housing Payments by customers in receipt of UC who require support due to a shortfall in their housing costs element of their payment.
1.24	Managed Migration All UC "live service" customers in Flintshire will be migrated over to full service within a 3 month period commencing July 2017.
1.25	This program of activities is due to start in July when the first local Job Centre will initiate the migration. Flintshire County Council are committed to providing resources to assist the customers through this process to minimise the impacts on them during the transition period.

2.00	RESOURCE IMPLICATIONS
2.01	The ongoing welfare reforms will generate additional financial problems for low-income Flintshire households, many of whom will have been impacted by the previous reforms of their benefit entitlements
2.02	These households will require appropriate advice and support to help them to manage the difficulties the reduction in their household budget will generate.
2.03	In addition, the latest welfare reforms will impact on new Flintshire households, for example, working households, who may also seek advice and support on how to manage their loss of income.
2.04	To manage the increased demand from Flintshire households experiencing social welfare problems, the Council has supported the development of the Flintshire Local Advice and Housing Support Gateways.
2.05	Both Gateways aim to reduce pressures on internal and external providers by effectively triaging referrals to ensure a person is referred to the most

	appropriate service provider.
2.06	In addition the Welfare Reform Response Team is in the process of recruiting 2 full time positions to assist in their proactive and reactive engagement activities, supporting vulnerable customers.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	Not applicable with this report.

4.00	RISK MANAGEMENT
4.01	For some Flintshire households the financial impacts of UC is yet to be fully felt in terms of the time taken to receive the first payment of UC. However, the activities that have taken place and are underway to mitigate the negative impacts as far practicably possible have been noted in the main report.
4.02	The expansion Welfare Reform Response Team will assist residents in dealing with the financial pressures felt as a result of the implementation of UC. The team will work to directly target advice and support for households throughout Flintshire whom, due to the impact of the ongoing welfare reforms, are at most risk of losing household income, those facing increasing difficulties in maintaining their rent payments, and those at an increased risk of homelessness.
4.03	The team will, with the extra resources be able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Contact Officer: Jen Griffiths Telephone: 01352 – 702929 E-mail: Jen.Griffiths@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
-------------	--------------------------

7.01

Housing Benefit - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.

Universal Credit (UC) – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.

UC Full Service – in a full service area, UC will be claimed by all working age claimants who make a new claim for a means-tested benefit.

UC Live Service - access to UC within a live service area is controlled by an 'eligibility gateway' which, predominantly, restricts new UC claims being made unless the claimant is a newly unemployed single person.

UC Managed Migration – a means-tested benefit claimant whose households circumstances do not change will be automatically transferred to UC by the DWP.

Working Age – for social security benefits 'working age' ends for both men and women at the female statutory retirement pension age. In May 2016 this is 63 years old The female statutory retirement age is gradually increasing to equalise with men (65 year old) in October 2018. The pension age for both men and women will then increase to 66 in 2020.

Welfare Reforms – changes being introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.