

The background of the slide features a large, light blue crest of the University of Alberta. The crest is a shield divided into four quadrants. The top-left quadrant shows a stylized building. The top-right quadrant shows a stag's head with antlers. The bottom-left quadrant shows a sailing ship on wavy lines representing water. The bottom-right quadrant shows a beaver. Above the shield is a crown with four floral motifs. Below the shield is a banner with the motto "A NE FOR A".

Agenda Item 7

Universal Credit

Falkirk Council

Title: Universal Credit
Meeting: Falkirk Council
Date: 15th January 2018
Submitted By: Director of Corporate and Housing Services

1. Purpose of Report

1.1 The purpose of the report is to provide an update on the:

- next stage of the Department for Work and Pensions (DWP) roll out of Universal Credit in the Falkirk area
- impact Universal Credit is expected to have on people and resources
- actions that the Council and partners are taking to support those claiming Universal Credit

2. Recommendations

2.1 **Council is asked to:-**

(1) note the actions that are being taken in preparation for further roll out from Live Service to Full Service Universal Credit in the Falkirk area

(2) consider having a Member's briefing on Universal Credit

3. Background

3.1 Council requested, following consideration of a motion on 6 December 2017 a report on the potential impacts on local people, including tenants, and on council resources along with interventions that might be put in place to mitigate the impact and prevent homelessness.

3.2 Universal Credit is a benefit that helps with living costs, replacing the following benefits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Working Tax Credit

- 3.3 Universal Credit is for working age benefits and is only available to people who have not reached their state pension age. More information on Universal Credit is available at www.gov.uk/universal-credit
- 3.4 Currently in the Falkirk area, only single working age new claimants can apply for Universal Credit. This is called 'Live Service' and has been available here since May 2015. There were 1,618 Universal Credit Live Service claimants in the Falkirk Council area in October 2017.
- 3.5 From 31 December 2017, the DWP will not take any new claims to Live Service. Instead new claimants will claim the legacy benefits detailed above from January till March 2018.
- 3.6 From March 2018 Universal Credit will be available to all new working age claimants, including couples, families and lone parents. This is called 'Full Service' and replaces the benefits listed in 3.2, with exceptions for:
- People in temporary or supported accommodation
 - People with three or more children
- 3.7 Claimants in the above circumstances will continue to claim Housing Benefit from the Local Authority.
- 3.8 Existing Universal Credit Live Service claimants will be moved to Full Service within four months of March 2018. People receiving other working age benefits will apply for Universal Credit if they experience a change in their circumstances from March 2018. Transfer to Universal Credit for people without a change in circumstance is planned from 2019 to 2022.

Housing Costs

- 3.9 At the end of November 2017, The 758 Universal Credit claimants in our area who received support for housing costs was made up of - : 626 Council tenants, 58 Registered Social Landlord tenants, 67 private tenants and 7 owner occupiers.
- 3.10 Unlike Housing Benefit which was paid directly to landlords, Universal Credit claimants receive their housing costs and are responsible for paying their rent.
- 3.11 Officers monitor the rent position of Council tenants claiming Universal Credit, comparing the change in rent owed to the amount owed at the start of their claim. At the end of November 2017, the change in rent arrears from households with a Universal Credit claimant was £135,821 (average of £216.97 per household).
- 3.12 For comparison, the increase in rent arrears from households who are not in receipt of Universal Credit (May 2015, when UC live service commenced in Falkirk, to November 2017) is around £183,000. This increase is due in the main to the increased rent charges over that period (totalling 7.33%) but equates to around £11.78 per household.
- 3.13 Support and advice is provided at every stage of our rent recovery process. Additionally, for the past three years we have undertaken face to face appointments before serving a Notice of Proceedings – the first formal

stage in the process of evicting tenants. This ensures we can maximise household income and make bespoke referrals based on individual tenants needs.

- 3.14 In recent years the number of legal notices served has reduced from 3,168 in 2011/12 to 1,975 in 2016/17 with some variation in between. The number we are now issuing reflects what would be expected for our socio-economic profile and we ensure that those customers who are served a notice have been given appropriate opportunities to access further support and assistance and avoid this situation.
- 3.15 A similar face to face meeting is arranged before we start any court proceedings and in tandem with this we liaise with Community Advice and Social Work Teams, as well as key Housing colleagues before considering eviction. We will not approve an eviction unless everyone involved (c. six signatories) is satisfied that we have exhausted every opportunity to avoid that situation.
- 3.16 In March 2017 we introduced our Corporate Debt Policy demonstrating our commitment to help all those struggling to pay their bills. Recognising the potential impact of Universal Credit, we committed to review the rent element of this policy in 2018. This will allow us to consider any improvements we can make to our policy and processes based on the actual impact of Universal Credit full service.
- 3.17 In response to Universal Credit we have increased personal engagement with tenants, as well as applying for direct payment of housing costs where appropriate. As a result of this, the average increase in arrears associated with tenants claiming Universal Credit has reduced, demonstrating the positive impact of our actions.
- 3.18 Those tenants who rent a property in the private sector are more at risk as their landlords do not have the same knowledge of the claiming process nor do they have any rights to access information on behalf of their tenants. We are engaging with private sector landlords to try to support their tenants.
- 3.19 Under Universal Credit, if the householder is under occupying their property the 'size criteria restriction' is applied. The claimant must then apply to the Local Authority for a Discretionary Housing Payment to meet this shortfall.
- 3.20 There is a significant gap between Universal Credit housing costs and the cost of temporary accommodation. The shortfall can be as much as £140 per week. In these circumstances Discretionary Housing Payments can be made to cover the shortfall; however this is impacting significantly on our Discretionary Housing Payments budget. From April 2018, claimants living in temporary accommodation will apply for housing benefit and other legacy benefits instead of Universal Credit.
- 3.21 The following table shows our Discretionary Housing Payment Spend over five years. Council agreed to top up the Discretionary Housing Payment budget in 2013/14 to mitigate the 'size criteria restriction' and again in 2016/17 to support households affected by the benefit cap. Discretionary Housing Payments were devolved from DWP to Scottish Government in 2017/18. The majority of this budget supports those impacted by the 'size criteria restriction'.

	2013/14	2014/15	2015/16	2016/17	2017/18
DWP	£316,418	£258,058	£257,649	£309,485	
Scottish Government	£266,868	£1,077,216	£1,239,448	£1,235,216	£1,670,942
Falkirk Council	£37,712	£0	£0	£10,000	
Total	£620,998	£1,335,274	£1,497,097	£1,554,701	£1,670,942

4. Recent Changes to Universal Credit

- 4.1 As part of the Budget in November 2017, the UK Government announced that the seven day waiting period at the start of a Universal Credit claim will be removed from February 2018. This will reduce the waiting period for the first payment of Universal Credit from seven weeks to six. Some Local Authorities advise that the waiting time for receiving first payment is longer than this due to a backlog of work at the DWP Service Centres.
- 4.2 To help bridge the gap between making a claim and receiving the first payment repayable payment advances are available from DWP. The amount available is based on a standard Universal Credit allowance. At present claimants can request up to 50% of the claim amount, to be repaid over six months. From January 2018 this will increase to up to 100%, with repayment over 12 months.
- 4.3 From April 2018, anyone receiving Housing Benefit at the start of their claim for Universal Credit will continue to receive Housing Benefit for a further two weeks. This will help them to cover their housing costs whilst waiting for their first Universal Credit payment.
- 4.4 To accommodate the changes noted above, the roll out timetable for Universal Credit Full Service has been amended. This will slow the rate of roll out across the United Kingdom between February and May 2018. Whilst this has delayed implementation in some areas, including West Lothian, the date for introduction of Universal Credit Full Service in Falkirk is still March 2018.

5. Scottish Flexibilities

- 5.1 In Scotland, people claiming universal credit can choose to:
- Be paid either monthly or twice monthly
 - Have their housing costs paid direct to their landlord
- 5.2 Whilst these choices were introduced in October 2017 they are only available in Full Service areas and therefore will not be available in the Falkirk area until March 2018.
- 5.3 These choices are only available to claimants after they have received their first monthly payment and are offered via the claimant's online Universal Credit account.
- 5.4 Because Universal Credit is designed to be paid monthly in arrears, someone who chooses to receive their payments twice monthly will wait for a further

month before receiving their next payment which will be half their monthly amount e.g.

- 29th April 2018 - claimant makes a new Full Service claim
- (No waiting days apply from February 2018)
- First Assessment period is 29th April 2018 to 27th May 2018
- 2nd June 2018 - claimant receives first payment = 1 months payment
- 6th June 2018 - claimant opts to be paid twice monthly
- 30th June 2018 - claimant receives only half of the monthly payment
- 14th July 2018 - claimant receives second half of the monthly payment

5.5 It will be difficult for people to manage their bills and expenses over this period of change. Before support services encourage claimants to opt for twice monthly payments, they need to consider the short term budgeting challenge this will create.

6. Experiences of Full Service Universal Credit from other Councils

6.1 East Lothian Council have shared their experience of Universal Credit with Council staff and partner organisations. Full Service was introduced to East Lothian in March 2016. This has resulted in:

- A 16% increase in demand for Scottish Welfare Fund Crisis Grants. This was managed by changing priority levels so that grants are only awarded to 'high and most compelling' applicants
- Increased referrals to the foodbank
- A reduction in Council Tax Reduction claims (previously claimed alongside Housing Benefit via a single process)
- Increased requirement for claimant to provide information to DWP online using their Universal Credit 'journal'
- 29% growth in rent arrears by the end of the first year of full service, with £234k of arrears directly attributable to Universal Credit claims
- Increased demand for Discretionary Housing Payments
- Increased risk of potential homelessness due to rent arrears
- Growing reluctance of private sector landlords to let to Universal Credit claimants
- Increase in requests for support under the Social Work (Scotland) Act 1968.

6.2 East Lothian Council's experience is similar to that of other councils:

- Inverclyde Council recently reported a 68% increase in Scottish Welfare Fund applications in comparison to the previous year before Full Service
- The Highland Council recently reported rent arrears associated with Universal Credit of £764 per household, three times the amount for households claiming housing benefit.

6.3 A recent survey by the Citizen's Advice Bureau in East Lothian showed that:

- 31% of Universal Credit claimants received a 'gain' compared to the benefits that it replaced
- the median gain for those 31% of claimants was £0.34 per week
- 52% of Universal Credit claimants received a 'loss' compared to the benefits that it replaced
- the median loss for those 52% of claimants was £44.72 per week

7. Preparing for further roll out of Universal Credit

7.1 Based on the experiences of other Councils we expect to see a significant increase in:

- Rent arrears
- Crisis Grant applications, particularly to support people through the waiting period at the start of their claim
- People looking for help to make and manage their claim online
- Increase in Discretionary Housing Payment applications

7.2 Over the past five years the Council has taken a number of steps to provide more targeted support and advice to people on a low income, partly in anticipation of the introduction of Universal Credit. These new ways of working should help us to minimise the impact of Universal Credit on rent arrears through increasing personal engagement with tenants.

7.3 As we roll out the Advice and Support Hubs and outreach service this will provide more targeted support to people, helping them to maximise and manage their finances and therefore reduce arrears. Additionally within the Hub specialists are available to provide detailed support around debt management, welfare benefits, housing issues and prevention of homelessness.

7.4 We have also implemented a team to support digital inclusion by providing 'digital skills for life' support to the public. The team have provided support in libraries, community centres and One Stop Shops and have engaged with 403 people since November 2017. Providing digital upskilling support should:

- reduce the 'cost of being poor' by helping people to search online for the best deals
- allow people to check they are receiving all the benefits they are entitled to using our online entitlement calculator
- help people to meet the requirements of Universal Credit by making an online application and communicating with their Job Centre work coach via their online journal

7.5 Additionally we are working on digital upskilling of our own workforce, particularly those in lower paid roles. This will help them to achieve the above as well as providing them with additional skills to support our new ways of working.

7.6 The above digital upskilling activity is supported by the Digital Inclusion funding allocated as part of the budget for 2017/18. It took a few months to

get this work set up due to the need to train staff and purchase equipment. The full allocation of funding will not therefore be spent this year and therefore we intend to accrue the remaining funding to continue this activity next year as Universal Credit full service rolls out.

- 7.7 We have been working with the Department for Work and Pensions and local Job Centre Plus staff to understand the changes, timescales and how we can more fully support claimants. This includes:
- Providing personal budgeting support
 - Promoting the need to complete a separate application for Council Tax Reduction through the online form on our website
 - Supporting people to claim Universal Credit online and manage their journals
 - Encouraging the Job Centre to introduce an outreach service in Bo'ness
- 7.8 In preparation for full roll out in March 2018 we have set up a steering group with input from Finance, Housing, Children's Services, Falkirk Community Trust, Registered Social Landlords and local Citizen's Advice Bureaux.
- 7.9 This group are looking at:
- Training for our staff and partner organisations on Universal Credit
 - Increasing awareness of frontline staff and partners to make sure they know how people can get access advice and support
 - Ensuring our operational procedures support claimants including how we:
 - Manage notifications from DWP
 - Support tenants to claim Universal Credit by providing evidence of their housing costs
 - Maximise applications for Council Tax Reduction to make sure people are getting the benefits they are entitled to.
 - Increase applications for Discretionary Housing Payments where appropriate
 - Manage Rent Arrears through early engagement or through requesting Alternative Payment Arrangements (APA's)
 - Communicating changes to potential claimants to make sure they are aware of what they are entitled to, how to make an application and what they need to do. This is likely to include
 - Web information
 - Tenant's newsletters
 - Posters, flyers, leaflets
 - Plasma screens, twitter, media
 - Frontline staff including Council services such as housing and also partner organisations
 - Ensuring appropriate referral mechanisms are in place and working effectively so that frontline staff working with people claiming Universal Credit know how to access support
 - Providing help to people to make their claim online and manage their online journal
 - How we can provide advice and support to help people to manage their money
- 7.10 In addition we looked at our rent processes to see if there are any changes we should make to support Universal Credit claimants. Most of our tenants

receive their housing costs payment monthly. Falkirk Council tenants are charged rent for 24 fortnights a year. No rent is charged at Christmas and in early July.

- 7.11 Tenants can pay rent monthly, making 12 payments a year, with each payment equating to 2 fortnights rent. This will work okay for tenants on Universal Credit who chose to pay monthly.
- 7.12 However tenants who usually pay more frequently (e.g. weekly or fortnightly) may find it harder to manage their payments on Universal Credit. It is vital that we engage directly with these tenants to help them identify the most suitable payment method and frequency for their new circumstances.

8. Other Council's responses to Universal Credit

- 8.1 Universal Credit was rolled out fully to Fife Council on 6 December 2017. Fife Council have allocated additional funding to provide enhanced crisis provision to people claiming Universal Credit particularly over the festive period.
- 8.2 Fife Council's mitigation is likely to involve Discretionary Housing Payments, Scottish Welfare Fund Crisis Grants and low interest loans.
- 8.3 Inverclyde Council allocated an additional £100k to Scottish Welfare Fund crisis grants for 2017/18 to help meet the increased demand associated with Universal Credit.
- 8.4 Roll out of Universal Credit to West Lothian was recently delayed from February to May 2018. In preparation West Lothian Council are working to make sure they have effective referral mechanisms to ensure people get the help and support they require and extensive training for frontline staff on both Universal Credit and poverty to make sure staff are aware of how they can help.

9. Implications

Financial

- 9.1 In addition to the impact on rent arrears described previously, we provide significant financial support to current Universal Credit claimants (1,618 claimants as of October 2017) via:
 - Discretionary Housing Payments: £168k a year (reimbursed by Scottish Government)
 - Scottish Welfare Fund: £55k a year Crisis Grant funding

Resources

- 9.2 Across the Council and partners considerable staff resources already support current Universal Credit claimants:
 - Finance staff resources to support operational processes for housing costs and Council Tax Reduction
 - Community Advice Services provide

- personal budgeting support and debt management advice
 - welfare benefits support
 - Scottish Welfare Fund assessment of Universal Credit related crisis grant applications
 - Falkirk Community Trust support Universal Credit claimants by helping them to set up email, make their application online and use Universal Job match
 - Additional resources within Housing, the Advice and Support Hub, Community Learning and Development and other areas of Children's Services and Adult Services that support people who are claiming Universal Credit
- 9.3 From March 2018 with the introduction of Full Service it is expected that significantly more resources will be required to support Universal Credit claimants. To manage this we anticipate frontline staff refocusing work to support people through the process of making a claim and ultimately managing on the level of benefit awarded.

Legal

- 9.4 There are no legal implications arising from this report.

Risk

- 9.5 There is a significant risk of increased poverty to people in our area due to the changes to the social security system. There is also a high risk that rent arrears increase, impacting on the Housing Revenue Account. These are included on the Corporate Risk Register and the mitigating actions are included in this paper.

Equalities

- 9.6 Universal Credit is available to people on a low income and therefore will impact on people in poverty.
- 9.7 This paper does not propose a service or policy change and therefore an EPIA is not required.

Sustainability/Environmental Impact

- 9.8 There are no sustainability/environment implications arising from this report.

10. Conclusions

- 10.1 This report provides Members with information on the roll out of Universal Credit and the likely implications for people and services. It describes the work that we doing in preparation for roll out to try to mitigate the impact on people claiming Universal Credit.

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Appendices

None

List of Background Papers:

None