

UNIVERSAL CREDIT AND WELFARE REFORM UPDATE

Finance Advisory Committee - 25 January 2016

Report of Chief Finance Officer

Status: For information

Key Decision: No

Portfolio Holder Cllr. Searles

Contact Officer(s) Nick Scott - Ext. 7397

Recommendation to Finance Advisory Committee

That the latest position on Universal Credit and Welfare Reform be noted.

Introduction and Background

1 Universal Credit - progress and roll-out

Members will be aware that progress on implementing Universal Credit (UC) has been at a much slower pace than originally expected. Information now coming out from the Department for Work and Pensions (DWP) indicates a further change in the timetable for the roll-out of UC.

UC is already present in 75 per cent of jobcentres, and is scheduled to be present in all jobcentres by spring 2016. Once this has been completed, the transition to UC through both the natural and managed transition process will commence from May 2016 and be mainly carried out using the new Digital Service, currently being trialled in parts of Sutton and Croydon.

Consequently, the DWP are now telling local authorities that:-

- (i) UC claims on the current IT system will be moved to the UC Digital Service from May 2016;
- (ii) Natural migration for new claims for Housing Benefit (HB) and other legacy benefits will begin during 2017 using the new Digital Service, with the number of claims for HB progressively declining as they are replaced by UC claims;
- (iii) It appears that the managed migration of existing HB claims and other legacy benefit claims will not now commence until the Digital Service is fully available and able to take claims through the managed migration. This migration schedule is now due to start in 2018. The

bulk of claims will be from 2019 onwards, with the aim of completing the transition by March 2021.

At a recent Public Accounts Committee session on Universal Credit, the DWP said that they would be writing to local authorities about the plans for the 2016/2017 roll-out 'just after Christmas'.

2 Latest Universal Credit caseload statistics

As at 12th November 2015, there were 155,568 people in receipt of UC. Of these, 33% were in employment, 67% were not in employment.

The rate of UC starts has declined across the country over the last few months. The number of new claims has fallen from its peak of 6,481 in July to 5,961 as at 29th October. An increase in the rate of take-up is therefore needed in order for the DWP to achieve its target of 500,000 UC claims by May 2016.

The DWP says that this decline may be due to seasonal effects, as a similar pattern was observed in the same period last year, and adds that, overall, there has been a 70% increase in caseload in the last five months.

3 Latest position for Sevenoaks District Council

Nationally, the current transition to UC is being managed over four phases. This Council was in phase three of the rollout programme and went live on 12th October 2015.

The cases currently being targeted through the rollout programme are new claimants who are single, unemployed and who do not have a housing costs liability. In reality, this means that, without the inclusion of housing costs, there is very little impact on the Revenues and Benefits service. In fact, it is the inclusion of housing costs in UC that is proving to be the most problematic and one of the primary reasons behind the slow roll-out of UC.

The following UC projections for Sevenoaks covering the period 12th October 2015 to 31st March 2016 were provided by the DWP just prior to our 'go-live' date.

	Oct-Dec 15	Jan-Mar 16	Total
UC claims	61	85	146
On-line supported access (5% of claims)	3	4	7
Straight forward Personal Budgeting Support (5% of claims)	3	3	6

Complex Personal Budgeting Support	0	0	0
Local Council Tax Support cases (20% of claims)	3	0	3
Support for UC Service Centre (20% of claims to March 16)	12	17	29

In preparation for the UC live service, the Council entered into a Delivery Partnership Agreement to become a UC delivery partner. This is currently an interim arrangement covering the period 12th October 2015 to 31st March 2016 and not only will this support the national expansion of UC, it will also enable a local service to be delivered to claimants who require help in the categories detailed above.

For information, it is pertinent to note that at the time of writing this report that, despite the DWP projections, there has not been one case in these categories for the Council to deal with.

4 **Welfare Reform update**

The following is a summary of the main Housing Benefit changes that are being introduced in 2016/17.

Local Housing Allowance (LHA) Rates (effective from 1 April 2016)

LHA rates are determined by rent officers (Valuation Office Agency) and are used to work out Housing Benefit entitlement for tenants who are in privately rented accommodation.

A new statutory instrument has been laid to provide for the freezing of LHA rates for the next four years. This instrument makes changes to how rent officers will determine the LHA rates which will apply from April 2016 through to 2019/20.

The effect of this legislation is to ensure that, during the period April 2016 to 2019/20, LHA rates will either remain at the April 2015 rate (as determined on 15 January 2015) or be set at the 30th percentile of market rents, if this is lower.

In order to mitigate the impact, the government says that the increased provision for discretionary housing payments, £800million over five years, will be available for local authorities to protect the most vulnerable claimants and support households adjusting to welfare reforms, including this change to LHA rates.

Impact Assessment

These changes may mean that currently affordable accommodation for Housing Benefit claimants could become unaffordable.

Removal of the family premium from new Housing Benefit claims (effective from 1 May 2016)

The family premium is an element of the weekly figure set by the government, used in the calculation of Housing Benefit entitlement, which represents the basic living needs of the claimant and family.

A new statutory instrument has been laid to withdraw the family premium, currently £17.45 per week for claimants with children and £22.20 for lone parents, which confirms the start date for the removal of the premium for new claims only as 1st May 2016.

Existing claims are protected from this new legislation and the change will not apply to the Council's council tax support scheme for 2016/17, although the DCLG will be amending the Prescribed Regulations to remove the family premium for pensioners claiming council tax support from 1st May 2016.

Impact Assessment

This will result in a reduction in Housing Benefit entitlement for a number of cases

Reducing the backdating period for Housing Benefit (effective from 1 April 2016)

The Housing Benefit backdating provision, which currently allows a claim to be backdated for up to six months if the claimant can show good reason for not having made their claim earlier, is being reduced to one month (working-age claimants only).

Impact Assessment

No Housing Benefit will be payable for more than a month prior to a claim being made, even if there is 'good cause' for not claiming earlier.

Changes to the Benefit Cap (effective date to be confirmed)

The benefit cap currently restricts the amount in certain benefits that a working-age household can receive. Any household receiving more than the cap has their Housing Benefit reduced to bring them back within the limits set by the government.

The current cap for couples and lone parents is £26,000 per year but this is to be reduced to £20,000. For single claimants, the cap will reduce from £18,200 to £13,400.

Impact Assessment

- Those currently subject to the cap will have a greater shortfall.
- There will be an increase in numbers subjected to the cap.
- There will be an increased demand on the Discretionary Housing Payment fund.

Key Implications

Financial

In addition to the financial implications detailed in the respective impact assessments above, it is highly likely that there will be an increase in numbers of people experiencing hardship. Consequently, this may lead to an increased demand for services across the Council and also partner advice agencies.

Legal Implications and Risk Assessment Statement

There are no legal implications

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and [EITHER varies] [OR does not vary] between groups of people. The results of this analysis are set out immediately below.

The Government have prepared Equalities and Human Rights assessments for all welfare reform proposals. The Council will undertake the relevant assessments to address the implications at a local level when necessary.

Conclusions

That the report be noted.

Appendices None

Background Papers None

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Chief Finance Officer

