



# Social Care, Housing and Public Health Policy Overview (Scrutiny) Committee Review Scoping Report

## ***Universal Credit and other welfare benefit changes: likely favourable and adverse impacts, risks and local partnership response***

### **1. REVIEW OBJECTIVES**

#### **Aim and background to review**

The roll out of Universal Credit carries risks in relation to both the Housing Revenue Account through increased rent arrears, and of increased homelessness resulting from potential evictions and a reluctance of landlords to house benefit claimants. This review is concerned with understanding the current and likely future impact of UC and other welfare reform changes on Hillingdon residents and organisations. This will include examining lessons from other areas where the full UC service has been rolled out earlier.

The review will make practical recommendations for how the Council, working with partner organisations, can support residents through the transition to, and future successful management of, their UC claims.

## **Terms of Reference**

1. To understand the impact that the introduction of the full UC service has had in areas where it has been rolled out. To include the cumulative impact of the introduction of UC and other welfare benefit changes.
2. To understand the impact that UC, alongside other welfare benefit changes, is having and is expected to have on local residents in Hillingdon and on the income and costs of the Council, housing associations and other local organisations.
3. To examine how the Council services, housing associations and voluntary groups are supporting residents to transition to UC and manage their claims.
4. To make practical, prudent recommendations to Cabinet (and other bodies if applicable) from the Committee's findings to support residents transitioning to UC and to manage their claims.

## **2. INFORMATION AND ANALYSIS**

### **Current context**

UC is the Government's flagship welfare scheme that aims to simplify the benefits system for working age people by bringing together out of work and in work benefits, improve the transition to employment, and make work pay by removing disincentives to work. It is one of a number of reforms to the welfare system since the Welfare Reform Act 2012, which include the under-occupancy rules for social housing, the Benefit Cap, reform of Local Housing Allowance for private rented properties, changes to Disability Living Allowance and Employment Support Allowance and the limiting of benefit claims under UC to two children after January 2019 when larger families can apply for UC.

UC replaces six means tested benefits and tax credits known as the legacy benefits which include:

- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit (unless certain exemptions apply)

In 2016, the DWP began rolling-out the "Full Service" – the final digital version of UC, available for all claimant groups. The Full Service was to have been rolled-out to every part of the United Kingdom by September 2018, but in autumn 2017, following

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emerging evidence of problems experienced by people moving onto UC, the Government slowed the roll-out plans significantly for January to March 2018 while it introduced measures intended to ease the transition to UC (see box below). These included abolishing the 7-day “waiting period”, increasing the amount of the advance payment people can get at the start of their claim and extending the repayment period for advances, and allowing people moving onto UC to continue to receive Housing Benefit for two weeks. The pace of roll-out is now accelerating again.

The Live Service roll out began in Hillingdon on 2 November 2015 for new single claimants only with no children and not in receipt of a disability benefit. To allow for the changes to UC to be implemented, the Live Service roll out was halted from 31 December 2017. Prior to Full Service roll out, new claimants have been asked to claim legacy benefits or tax credits. Those already on the Live Service will remain unaffected until they transition to UC Full Service. At the end of December 2017 there 890 households in receipt of UC in Hillingdon, of which 59 were council tenants. By the end of June 2018, the number of UC claims in payment for council tenants had reduced to 31.

The main Full Service roll out of UC for new claimants in Hillingdon is scheduled for October 2018, however two postcodes in Hillingdon came onstream on 04.07.2018: HA5 and HA6 linked to the Eastcote and Northwood areas. This will affect new claimants and those with certain changes of circumstances that fall within a fairly narrow definition. For example, if a single person in receipt of income-based Jobseeker’s Allowance has a child, they cannot make a claim for Child Tax Credit or Income Support and must claim UC instead. The rules governing “natural migration” to UC – particularly in relation to what does and what does not constitute a change in circumstances triggering a claim for UC – are extremely complicated. The rules state that once on UC in a Full Service area, it is not possible to return to legacy benefits (with limited exceptions).

When the Full Service is introduced in an area, new claims are taken from all claimant types and existing Live Service claimants are moved over to the new system. New claims for “legacy” benefits – the benefits and tax credits UC is replacing – cannot be made (with limited exceptions). The managed migration of those on legacy benefits will take place between 2019 and 2023.

## **Key Information**

In “Full Service” areas claimants are normally be expected to make a claim for UC online and to manage their claim, including reporting changes in circumstances, via an online account. UC is paid monthly in arrears and, unless exceptional circumstances apply, as a single payment covering all the household’s needs.

## **Changes made to UC Implementation**

DWP began to roll-out UC in April 2013. The roll-out period has been pushed back several times and is now expected to complete in 2023.

In response to concerns about the impact UC was having in areas where the Full Service had been introduced, the Government announced a series of measures in Autumn 2017 including:

- Moving the UC helpline from an 0345 number to a Freephone 0800 number;
- “Refreshed” guidance for DWP Work Coaches for them to be more “upfront” in offering UC advances payments (payments to help tide people over pending their first payment of UC, worth up to 50% of their estimated award and usually repayable over 6 months); and
- Ensuring that advances could be paid within 5 working days of the request, or on the same day if necessary

In the November 2017 Budget the Government announced a further package of changes worth £1.5 billion in total over the next few years. It comprised:

- From January 2018, allowing people to receive UC advances worth 100% of their estimated award, and extending the repayment period from 6 to 12 months
- From February 2018, abolishing the 7 “waiting days” at the beginning of a new claim, so that the minimum wait before first payment of UC should now be 5 weeks rather than 6 weeks, after the claim is registered. It also meant there was no longer a period at the beginning of a claim for which no benefit was paid
- From April 2018, introducing a 2 week Housing Benefit “run-on” for people moving to UC. New UC claimants previously in receipt of Housing Benefit will continue to be paid for two weeks after benefit would normally have ceased
- From Spring 2018, a new facility allowing online applications for UC advances
- Making it easier for claimants to have their housing element paid to the landlord. Guidance has been issued to DWP staff to ensure that UC claimants in the private rented sector whose Housing Benefit is directly their landlord is offered that option at the start of their UC claim
- A short-term measure to continue support for temporary accommodation through Housing Benefit
- Partnership working with Citizens Advice to provide more face to face support for UC claimants

On 7 June 2018 the Secretary of State for Work and Pensions, Esther McVey, announced four changes to the rules concerning transitional protection for people moving onto UC, “to ensure that UC supports people into work, protects vulnerable claimants and is targeted at those who need it”.

- Individuals living alone and in receipt of Severe Disability Premium will not move to UC until they qualify for transitional protection
- An award or increase in child care costs will not erode transitional protection
- Claimants will be re-awarded transitional protection that ceased due to higher earnings if they make a new UC claim within three months of when they received the additional payment
- Capital in excess of £16,000 will be disregarded for Tax Credit claimants for 12 months from the point of when they are moved to UC.

## **Responsibilities**

### Council Service Areas

Administration

Residents Services

Finance

Adults, Children and Young People’s Services

### External Services

DWP/Jobcentre Plus

CAB

Credit Union

Housing Associations

Private Landlords

Letting Agents

Other Voluntary Sector Partners

The portfolio Cabinet Member responsible is Councillor Philip Corthorne.

## **Connected activity**

The Hillingdon Homelessness Prevention Strategy is being reviewed and updated over the next 12 months in light of the implementation of the Homelessness Reduction Act and new statutory homelessness guidance. Managing the impact of welfare reform is a priority within the current strategy and the introduction of Universal Credit and other benefit changes remain key factors to be taken account of.

Business Improvement Delivery (BID) have a project team looking at corporate customer access.

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## **Current intelligence, best practice and research**

National Audit Office Report: Rolling out Universal Credit

<https://www.nao.org.uk/report/rolling-out-universal-credit/>

Carrying the debt: measuring the impact of Universal Credit on tenants and landlords - survey results 2018, Association of retained council housing and National Federation of ALMOs, July 2018

[http://www.almos.org.uk/news\\_docs.php?subtypeid=24](http://www.almos.org.uk/news_docs.php?subtypeid=24)

Understanding how Universal Credit influences employment behaviour: findings from qualitative and experimental research with claimants, DWP, Sept 2017

<https://www.gov.uk/government/publications/universal-credit-understanding-how-it-influences-employment-behaviour>

## **Further information**

London Borough of Hillingdon website <https://www.hillingdon.gov.uk/benefits>

Government website <https://www.gov.uk/universal-credit>

The Money Advice Service website

<https://www.moneyadviceservice.org.uk/en/articles/universal-credit-an-introduction>

Citizens Advice website <https://www.citizensadvice.org.uk/benefits/universal-credit/>

House of Commons Briefing Paper, Universal Credit roll-out: 2018-19

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-8299>

## **3. EVIDENCE & ENQUIRY**

### **Witness testimony**

Potential witnesses could include:

- Citizens Advice Hillingdon
- Hillingdon Credit Union
- Department for Work & Pensions including JCP
- Local voluntary groups and charities
- LBH staff
- Other London Boroughs with an earlier roll out of UC
- Housing Associations operating in Hillingdon
- Landlords / Letting Agents

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## Key information required

### Potential Consultation & Communications

Committee may want to consider a site visit to the Uxbridge JCP office.

### Lines of enquiry

Lines of enquiry could include:

- What lessons have been learnt from the implementation of UC to date?
- Who will UC affect and when?
- What are the advantages of the introduction of UC?
- How do UC and other benefit changes impact on each other?
- What are the potential risks and how can they be mitigated?
- What are the wider impacts i.e. debt, mental health?
- What are the fears, perceptions and intentions of landlords?
- How can vulnerable groups be assisted?
- How are claimants managing with being paid monthly in arrears?
- Is the Alternative Payment Arrangements system working effectively?
- What is the likely impact on service delivery?
- How can rent arrears be minimised?
- How can evictions be minimised?
- How can digital technology help?
- What services are available and how can they be accessed?
- What actions are the Council and its partners taking to assist with a smooth transition to UC?
- What action is needed to raise awareness of UC in a timely way?

### Emerging conclusions or themes for development

These will emerge and become apparent as the review progresses.

## **4. REVIEW PLANNING & ASSESSMENT**

Proposed timeframe & milestones for the review up to Cabinet and beyond in terms of monitoring:

Meeting Date	Action	Purpose / Outcome
30 July 2018	Consider Scoping Report	Agree Scoping Report

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26 September 2018	Witness Session 1	Evidence & enquiry - witness evidence  Information and analysis Setting the scene - Understanding UC and the claimant journey
17 October 2018	Witness Session 2	Evidence & enquiry - witness evidence  Hillingdon Council's approach Other Local Authorities experience
28 November 2018	Witness Session 3	Evidence & enquiry - witness evidence  Approach by other providers - Housing associations and private landlords
9 January 2019	Witness Session 4	Evidence & enquiry - witness evidence  Voluntary sector partners
6 February 2019	Draft Final Report	Proposals – agree recommendations and final draft report
20 March 2019	Target Cabinet - Consider Final Report	Agree recommendations and final report
	Monitoring of implementation of recommendations	

### Resource requirements

None.