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Health & Wellbeing Board

# Universal Credit - awareness, impact & risks.

**Sept 2017**

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Striving for excellence



# What is Universal Credit and what do we know so far?

*Part of the G'ments commitment*

*to reform the welfare system*

*Introduced in 2013 to bring 'fairness and simplicity'.*

## **It replaces six 'means tested'**

### **Benefits and tax credits:**

- Housing Benefit
- Income based Job Seekers Allowance (JSA (IB))
- Income based Employment Support Allowance ( ESA (IB))
- Income Support
- Working Tax Credit
- Child Tax Credit

- **July 15**

- A 'Live Service' introduced for single working age claimants
- Best estimate is 300 known awards (from those claiming CTS)
- 150 of which are Council Tenants

- **November 17**

- Introducing full digital roll out for working age families commences ***across certain postcodes.***
  - EN1, EN2 N9 8... - Nov 2017
  - EN3 - January 2018
  - N13 & Edmonton - Feb 2018
- Exemptions include those with more than two children, housing costs for those in supported accommodation, temporary accommodation - clarification at end of November ?

**Estimate 240 new claims per month**

- **April 2019 to March 2022**

transitioning of existing Housing Benefit claims for those of working age, leaving **only pensioner claims receiving Housing Benefit**

# How to claim & what we know so far .....

Claimed on line and administered by the DWP -28 days to complete the claim

- **Everything** to do with the claim is administered by the applicant via the DWP portal
  - Tasks completed – ID verified, proof of rent, work commitment updates
  - Partner info to be completed within 7 days by the partner and linked to main applicant
  - Award notifications are loaded onto the portal (not sent out)

One payment (for all equivalent benefits), paid monthly direct to the claimant

Bank or Post Office account needed

***Sanctions ..... if tasks not completed / non compliance with rules claim closed & a reclaim required or financial penalties.***

***No backdating facility of the claimant fails to apply properly!***

- **Claims take at least 6 weeks for first payment to be made and the housing costs elements can take up to 12 weeks**
  - **7 day waiting period**
  - **Advanced payments** – *50% of what you would have received paid back over 6 months*
  - **Alternative payment arrangements**
  - **Hardship claimed to be repaid**
- Difficult for LA to challenge awards
- DWP expect Discretionary Housing Payments to be claimed
- Live service claimants will have to reclaim as full roll out after Nov 17
- Landlord 'portal' ?

# What we know so far - who will be affected from November 17 by a 'trigger'

23,814 working age HB claimants have less than 3 children.

Households with less than 3 children and .....

**We have estimated 240 households per month will be affected from November 17 (based on triggers hit during 16/17). NB The rollout by postcode makes assumptions more difficult**

## Exemptions:

- Pensioners
- Supported accommodation
- Families with 3 or more children

**Still don't know about Temporary accommodation!!!!**

- *An out of work benefit is claimed:*
  - *Going from ESA to what would have been JSA (as no longer classed unable to work)*
  - *Going from IS to what would have been JSA (as youngest child becomes 5)*
  - *Following a sanction (when reclaiming)*
  - *Would have claimed JSA, ESA or IS for the first time*
- *Tax credits are renewed (WTC and CTC )*
- *Moving within the borough*

# Housing Benefit – advantages of local administration

- A single claim for housing benefit and council tax support administered by LB Enfield
- Housing benefit is credited to rent accounts weekly for temporary accommodation and council tenants
- Ability to work with landlords to secure tenancies as housing benefit is paid directly to :
  - All housing associations (4 weekly)
  - Homefinders (monthly)
  - Housing Gateway (monthly)
  - Private sector tenants where:
    - the tenancy could be at risk
    - tenant is 'vulnerable'
    - the tenant requests it
    - Arrears > 8 weeks

*In all other circumstances housing benefit is paid directly to the tenant*

- New claims usually paid within 23 days
- Changes in circumstances usually processed within 7 days

## Homeless prevention activities

- help with Landlord negotiations and reducing rent arrears
- discretionary housing payments are awarded alongside housing benefit

HB Overpayments are currently recovered by deductions from ongoing benefit payments

**Does UC equal a loss of control & discretion?**



# Issues for discussion ....

*This is not a Council administered benefit & rollout is not within our control – therefore what kind of support can we provide within our resources ?*

Should / will our relationship with the community change in a universal credit world?

**The following slides are context and further information to aid discussion**

# Croydon are live with UC & a good comparator

## Croydon said .....

- Takes on average 10 weeks for cases to be assessed
- Claimants are not informed when deductions are made, how the repayment period has been calculated, or for what reason (deductions can / are being routinely reclaimed at up to 40% of benefit entitlement).
- APA process has been insufficiently tested/thought through.
- There are potential significant savings to be made by DWP through reducing the number of enquiries and associated administrative costs

## Landlord issues

- Service centres refuse to speak to landlords stating they cannot use 'implicit consent'.
- The escalation route for landlords being the same as for claimants, even when there is a real risk of eviction.
- Some of the positive elements of the Live Service are not mirrored for the Full Service, such as the provision of a dedicated landlord line.
- Local jobcentres can only act as an intermediary for landlords. The jobcentre can't resolve most of the issues and are merely escalating these with the service centre.

## Croydon's advice

*Early intervention is the key, if we do nothing arrears will rise and homelessness will increase*





# How many Enfield residents (households) currently receive benefit

## **34,170 'live' housing benefit claims, of which;**

- 5451 are pensioners
- 28,719 are working age
- 2,850 live in temporary accommodation
- 6,816 are council tenants
- 5,763 are housing association tenants
- 18,741 are private tenants

- **23,814 claimants are of working age with less than 3 children of which;**

- 1,927 live in temporary accommodation
- 3,826 are council tenants
- 3,874 are housing association tenants
- 14,187 are private tenants

## **33,237 'live' claims for Council Tax Support;**

- 8,983 are pensioners
- 24,254 are working age

## **41,009 households receive both Housing Benefit & Council Tax Support;**

- 7,772 receive housing benefit only
- 6,839 receive council tax support only
- 26,398 qualify for housing benefit and council tax support together

# Ending the administration of Housing Benefit !

## Housing Benefit sections have to:

- Deal with UC notifications so that Housing Benefit is cancelled and Council Tax Support is awarded
- Deal with Discretionary Housing Payments claims for tenants getting UC
- Notify the DWP of Housing Benefit overpayments resulting from transfer on to UC
- Deal with DWP accommodation queries
- Provide Assisted Digital Support & Personal Budgeting Support but collect significant monitoring information to support funding

## Landlords (including Council TA, Gateway, Homefinders) have to:

- Verify Rent charged
- Request APA's (Direct payments to Landlords)
- Chase rent arrears and start eviction proceedings if rent not paid (find out if any benefit issues causing the delays)

*Provide support & assistance with Universal Credit queries but to what extent ?*

# Triggers – who will move to UC from November 17?

UC TRIGGER	Council Tax Support	Housing Ass\RSL	Council Tenants	Temporary Accommodation	Private Tenant	HB Total
CHANGE FROM ONE PASSPORTED BENEFIT TO ANY OTHER	564	148	177	67	284	676
NON PASSPORTED CHANGES	1420	342	317	201	940	1800
START TO RECEIVE CHILD TAX CREDIT - EITHER ONE OR TWO DEPENDANTS JOIN THE HOUSEHOLD	77	15	19	17	42	93
WORKING TAX CREDIT INCOME STARTS AS CLAIMANT/PARTNER START WORK	70	9	13	5	97	124
WORKING TAX CREDIT ENDS	617	135	85	109	618	947
COUPLE SEPARATES	111	15	22	14	99	150
PARTNER JOINS HOUSEHOLD	34	2	6	7	26	41
<b>TOTALS</b>	<b>2893</b>	<b>666</b>	<b>639</b>	<b>420</b>	<b>2106</b>	<b>3831</b>

# What we know so far – winners and losers

Winners	Losers
<b>Part time workers</b> who currently do not qualify for tax credit	<b>Lone parents</b> – especially those working longer hours – it has been found that this group will lose in the long term (source: Institute for Fiscal Studies)
<b>Couples on ESA – one receiving the support group</b> – means tested addition is due to increase	Previously receiving tax credits and have <b>savings over £6k</b>
<b>Carers</b> – will keep carer premium even when earnings exceed the earnings limit	<b>Most families with disabled children</b> (disabled child addition cut by over 50%)
	<b>Parents of disabled children with ‘looked after’ status/ or in long stay hospital</b> – (UC allowances stop in these instances, unlike Child tax credit). This rule also affects size criteria for Housing Costs
	<b>Parents who care jointly for a disabled child</b> – (one will be expected to look for work under UC)
	<b>People currently entitled to the Severe Disability Premium</b> – this is being abolished – costs around £58 per week
	<b>Working Disabled people</b> – previously getting the disabled element of Working Tax Credit – this will be abolished. <b>This group are likely to lose the most</b>

# Rent collection issues .....

<b>Council Tenant estimate</b>	
Triggers per year	639
Triggers per month	53
Total new Nov17 to Mar 18	266
Current UC claimants	140
<u>Total@ 31/3/18</u>	406
Rent decrease	£875,000
HB loss	£6,400,000
Cash increase	£1,600,000
Performance drop	93.85%
Arrears to increase	£1,000,000

## ***Lessons from Croydon:***

- ***Croydon have over 14,000 council tenants - Enfield has 11,000***
- ***1,250 are now in receipt of UC.***
- ***Prior to roll out of UC collection levels stood at 98%.***
- ***Post implementation of full service levels have dropped to 72% for UC customers, which in total now contributes to 38% of overall arrears for only 9% of tenants on UC.***

# UC cost implications – give with one hand take away with another (larger) hand !

2017/18		2016/17		Difference
HB admin subsidy	<b>£1,683,868</b>	HB admin subsidy	<b>£1,890,603</b>	<b>-£206,735</b>
UC admin	<b>£198,555</b>	UC admin (includes PBS and ADS)	<b>£21,627</b>	<b>£176,928</b>
UC ADS and PBS	<b>*£89,732</b>			<b>£89,732</b>
Total	<b>£1,972,155</b>		<b>£1,912,230</b>	<b>£59,925</b>

*\* UC Assisted Digital Support and Personal Budgeting Support funding reliant on meeting support targets set by DWP*

# Money to pay for Assisted Digital Support & Personal Budgeting Support

2017/18	Unit Cost	Q1			Q2			Q3			Q4		
		April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
Take-up ADS LS	£25.66 60mins	11	20	20	21	22	25	16	0	0	0	0	0
Funding		£294	£502	£521	£530	£559	£644	£407	£ 0	£ 0	£ 0	£ 0	£ 0
Take-up ADS FS	£43.62 102mins	0	0	0	0	0	0	0	209	158	186	161	155
Funding		£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£9,133	£6,879	£8,116	£7,039	£6,740
Take-up PBS LS	£51.32 120mins	7	11	13	11	11	14	9	0	0	0	0	0
Funding		£344	£573	£688	£540	£573	£704	£475	£ 0	£ 0	£ 0	£ 0	£ 0
Take-up PBS FS	£51.32 120mins	0	0	0	0	0	0	0	217	164	185	156	145
Funding		£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£ 0	£11,124	£8,423	£9,479	£8,005	£7,441
Total Funding		£89,732											
		+ 20% top up for additional take-up			+ 20% top up for additional take-up			+/- 20% based on MI from Q1			+/- 20% based on MI from Q2		
Please note that take - up and pounds have been rounded to the nearest whole number													

# What are others saying...

## London Councils challenges -

- Universal Credit & information sharing with LA's poor
- Landlord portal not available yet
- Universal Credit housing costs conflict with TA
- PBS and ADS a barrier
- Universal Credit policies conflict with other g'ment policies
- Inconsistent advice – backdating issue
- Significant impact on the vulnerable
- Alternative payment agreement process needs to be simpler
- Discretionary Housing Payment issues with cap under UC

## Trussell Trust - Food Banks have found -

- Referrals have gone up 16-20% in full roll out areas
- Waiting 6 weeks for first payment is a challenge
- Insecure or seasonal workers particularly affected
- Clients have problems navigating the on line system