



Exeter  
City Council

Full Service rollout

# Universal Credit

From September 2018

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## Background

### Rollout

Universal Credit is now available in every Jobcentre across the country, covering all Local Authorities, and supported by 22 Service Centres. UC is being introduced gradually, and was initially introduced from April 2013 in certain areas of the North West, known as Pathfinder sites. Initial eligibility criteria focused on single, unemployed, non-home-owning claimants without any children. In February 2015 the service started national rollout to new single unemployed claimants across Great Britain. By April 2016 Universal Credit was available for new claims from single unemployed claimants in all jobcentres across the country and also for couples and families in 96 sites across the North West of England. This phase of UC rollout was known as UC Live Service.

In May 2016 DWP started expansion of Universal Credit to a wider range of claimants, as with the rollout to single jobseekers, DWP have been doing this in a gradual, safe and secure way and the new Full Service is now available in 101 jobcentres around the country. From October 2017 DWP will begin to scale up to more than 50 jobcentres a month and the intention is that all cases are migrated, and a Full Service is available nationally, by March 2022. After the expansion process is complete, DWP will begin migrating claimants on other benefits to the Universal Credit Full Service from July 2019. This phase of UC rollout is known as UC Full Service.

*Source: DWP, Universal Credit Statistical Ad Hoc: Payment Advances, October 2017*

Universal Credit Full Service (UCFS) is due to arrive in Exeter Jobcentre in September 2018<sup>1</sup>. From that point on, all claims to legacy benefits will instead be claims to Universal Credit (UC). This will vastly increase the rate at which households move onto Universal Credit and will expand the groups who will be affected.

Legacy benefits:

- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

Universal Credit only applies to customers of working age; that is, those below the age at which they become eligible for State Pension Credit<sup>2</sup> – currently around 64 years old.

This report is prepared on the assumption that both the rollout timetable and UCFS rules continue as announced<sup>3</sup> up to 19 October 2017. Changes to either are possible, even probable, and will affect the assumptions made herein. Please see Appendix 1 for changes announced up to 23 November 2017.

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<sup>1</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662099/universal-credit-transition-rollout-schedule.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662099/universal-credit-transition-rollout-schedule.pdf)

<sup>2</sup><https://www.gov.uk/state-pension-age>

<sup>3</sup><http://researchbriefings.files.parliament.uk/documents/CBP-8096/CBP-8096.pdf>

## The scale of the reform

Exeter has 6,294 working age households receiving Housing Benefit (HB) and / or Council Tax Support (CTS) who are expected to transfer to Universal Credit. Modelling<sup>4</sup> indicates that 40% of these will be financially worse off under the new scheme. 2,066 Council tenants or those in temporary accommodation are expected to end up on Universal Credit. Of the 6,294 total cases who will move across, 4,774 (76%) currently receive Council Tax Support.

Department for Work and Pensions (DWP) have been unable to provide us with projections for how quickly cases will transfer to UCFS. We have used experience from similar local authorities, including those in Somerset who went live earlier this year, to generate our own estimates. The rate of transfer will depend on how frequently households have a change which triggers the move to UCFS.

Examples of changes triggering a UCFS claim:

- Moving into work
- Moving out of work to job-seeking or sickness
- Going from full time to part time work or vice versa
- Becoming liable for rent for the first time
- Becoming responsible for a child for the first time
- Partner joining or leaving household
- Moving into new LA area
- Coming out of prison / hospital
- Taking on or stopping caring responsibilities

It is possible that within the first three months we could have transferred 1,000 cases to Universal Credit with the majority having moved within 12 months. Other projections indicate a much slower transfer with only around one third (2,000) cases lost in the first 12 months. Most cases that have not transferred in the first 12 months will be those whose circumstances rarely change. Many will remain on legacy benefits until the managed transition begins in July 2019<sup>5</sup>.

## Current state

Universal Credit Live Service (UCLS) arrived in Exeter Jobcentre in November 2015. This is a very different scheme to the Universal Credit Full Service (UCFS) which is coming from September 2018. UCFS is administered on different systems with different rules and affects very different customer groups to UCLS. Any lessons learned from Live Service should therefore only be used cautiously to predict impacts under Full Service. However with little other data to go on, it at least gives an indication of the likely impact.

In most cases, when a customer claims Universal Credit, their Housing Benefit award ends. If they are liable for Council Tax however, their Council Tax Support award continues. As at October 2017 there were 165 Housing Benefit or Council Tax Support cases receiving Universal Credit; less than 2% of our overall caseload. Numbers of cases have remained fairly static for the past 12 months; the majority of claimants who are eligible under the Live Service rules have already moved across to Universal Credit.

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<sup>4</sup> Low Income Family Tracker dashboard from Policy in Practice – data as at June 2017

<sup>5</sup> <http://researchbriefings.files.parliament.uk/documents/SN06547/SN06547.pdf>

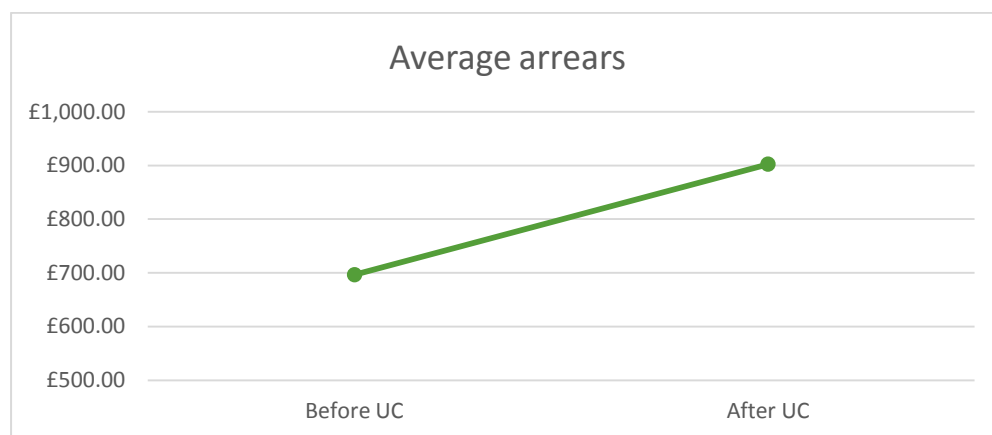
The Payment and Collection team have been keeping a manual record of the Council tenants (that they are aware of) receiving Universal Credit, in order to monitor their arrears situation. As at September 2017 they were tracking 56 HRA tenants and 6 in non-HRA temporary accommodation.

Under the Housing Benefit scheme all Council tenant payments were made directly to the tenants' rent accounts automatically. Under UCFS, direct payment is only available in limited circumstances,<sup>6</sup> including when the tenant has built up two months of arrears or where there is identified vulnerability. The process is lengthy and largely manual, involving a lot of work for the Payment and Collection team. Decisions may take several weeks, meaning arrears will be even higher by the time a decision is made, and there is no guarantee that the decision will be positive anyway.

DWP have recently announced<sup>7</sup> the rollout of a Landlord Portal for social landlords and the ability for some of them to apply for Trusted Partner status. It is claimed that these developments will allow for more effective communication and reduced administrative burden on these landlords. It is yet to be seen whether the announced changes deliver improvements in practice.

Of the 62 claims mentioned above 48% are on a direct payment arrangement where the Housing Costs element of Universal Credit is paid directly to us. We have recently discovered that these arrangements made under UCLS will be cancelled when tenants move over to UCFS. New requests will have to be made under the new regime leading to further delays and arrears.

The large majority of tenants (90%) were, for a variety of reasons, already in rent arrears at the point of moving onto Universal Credit. Now all 62 tenants are in arrears. The financial value of arrears has increased by 27% for the HRA tenants and 78% in non-HRA accommodation.



The sample size here is small, but is consistent with the picture elsewhere. See [Rent Collection](#) section for more information.

<sup>6</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/607851/personal-budgeting-support-and-alternative-payment-arrangements.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/607851/personal-budgeting-support-and-alternative-payment-arrangements.pdf)

<sup>7</sup><http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-09-07/9500>

## Effects on households

Many organisations have reported on the impacts of Universal Credit. The Work and Pensions Committee has a current inquiry running<sup>8</sup>, looking at the rollout of UCFS. Their previous inquiry was interrupted by the announcement of the 2017 General Election before it could report its findings.

In this section we highlight some of the most significant challenges that customers will face. Further background can be found from the sources below and referenced throughout this report.

[House of Commons Library Briefing Paper – Housing Costs in Universal Credit](#)  
[Work and Pensions Committee inquiry](#)  
[Child Poverty Action Group UCFS Early Warning System report](#)  
[The impact of Universal Credit in Sedgemoor](#)  
[Citizens Advice Delivering on Universal Credit](#)  
[DWP whistle blower in The Independent](#)

There is also a wealth of official information, statistics, guidance and background on [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)  
[Universal Credit and rented housing: guide for landlords](#)  
<https://www.gov.uk/government/collections/research-reports>  
<https://www.gov.uk/government/collections/universal-credit-statistics>

### Making UC claim online

The Full Service Universal Credit claim is made exclusively online and requires claimants to set up a citizen account first. It requires a greater level of digital literacy than the current system. UCFS will also be affecting many more claimant groups who are less likely to be digitally confident. Failure to complete the claim correctly and in time will result in delays and lost entitlement.

### Managing ongoing UC award online

All communication with DWP and Jobcentre Work Coaches will be through the customer's online journal. Instructions and meetings will all be sent through the journal. Customers will need to be online frequently in order to keep up with the ongoing claim requirements. Failure to meet deadlines and provide evidence online will result in claims being closed. Customers will then have to reclaim with inevitable delays before they can receive any more money and leave gaps in entitlement. The only digital support need recognised by DWP is for making the initial claim online (see [Universal Support](#) section).

An emerging need seems to be the provision of ongoing support for customers to maintain their awards online. Access to telephone support is via a charged 0345 number and long delays are reported getting through to an advisor. (NB the Secretary of State announced on 18<sup>th</sup> October that calls to this number were to be made free within the next month.)

### Delay in first payment

Universal Credit is designed to make the first payment to customers six weeks after they make their claim. During that period all other benefits will be stopped. If the customer was in work they will be expected to survive on their final payment of

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<sup>8</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/inquiry/>

wages which could of course be weekly pay. Research by Citizens Advice<sup>9</sup> found 39% of customers presenting for help with Universal Credit waited longer than 6 weeks for payment, with 11% waiting 10 weeks or longer.

The Secretary of State for Work and Pensions addressed the availability of advance payments supporting UCFS rollout in a speech<sup>10</sup> to the Conservative Party conference on 2 October 2017. DWP claim that any customer who needs an advance payment will receive one within five days; same day if they are in immediate need.

### Reduced income

Universal Credit is not intended to be a money saving reform. However there are inevitably winners and losers with any large change. Customers who are migrated across from July 2019 will have a degree of transitional protection applied to the amount of their income. This will not apply for customers who move across following a change in circumstances.

Most new claims for Universal Credit have to serve seven “waiting days” at the start of their award. This is one week where the customer is not entitled to any benefit at all. They will be responsible for paying their rent and all other outgoings for this week, even though they may have no income.

Lower earnings disregards will also reduce many people’s entitlement compared to the legacy benefits as well as some specific rules for housing costs being less generous than under Housing Benefit<sup>11,12</sup>.

### Managing single monthly payment in arrears

One of the major selling points of the Universal Credit reform is that it combines all other benefit payments into one.

What is an advantage in some ways, creates huge problems for some customers. Currently a family could be receiving Jobseekers Allowance every two weeks on a Thursday from Jobcentre Plus, Child Tax Credit from HMRC every two weeks on a Friday and Housing Benefit from us every two weeks on a Monday. This allows families to spread out their expenditure across the month. Also, if there is a delay or problem with one of those payments, there is likely to be another one made within a few days.

Under UC the whole income will come together, once a month. Customers will have to get used to making this one single payment last for all their expenses for the month to come. If there is a gap in Universal Credit entitlement, or simply a delay in payment, the customer will be left with no income at all to pay their rent or other bills, or to buy food with.

### Claiming Council Tax Support (CTS)

Under the current system a claim for CTS is taken at the same time the customer claims Housing Benefit. Under Universal Credit the customer has to make a separate claim for CTS directly with the Local Authority. Experience elsewhere indicates a significant decrease in take up of Council Tax Support under UCFS. This will add

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<sup>9</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-calls-for-universal-credit-rollout-to-be-paused-as-research-reveals-people-left-facing-financial-difficulty1/>

<sup>10</sup> <http://www.ukpol.co.uk/david-gauke-2017-speech-at-conservative-party-conference/>

<sup>11</sup> <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06547#fullreport>

<sup>12</sup> <http://researchbriefings.files.parliament.uk/documents/SN06547/SN06547.pdf>

extra expense for low income households and the risk of additional costs and distress where recovery action is taken before identifying their underlying entitlement to support.

### Housing costs for young people

Under Universal Credit rules single people aged 18-21 with no dependent children will not have an automatic right to have their housing costs met. There will be exceptions for some vulnerable categories<sup>13</sup>, but this policy is likely to result in this group struggling to secure and maintain independent accommodation<sup>14</sup>. Modelling from Policy in Practice<sup>15</sup> suggests that 42 individuals are at risk of being affected by this aspect of Universal Credit.

### Recovery of overpayments

Housing Benefit rules mean that we cannot recover any overpayment of Housing Benefit where it is a result of an official error if the customer could not be expected to realise they were being overpaid. DWP have not replicated that rule in Universal Credit. It is quite likely that, as DWP get used to deciding housing costs for the first time in 30 years, there will be an increase in official errors. It is also likely that customers (and their advisors) struggling to understand the new rules will not be in a position to spot and report these errors. This means that more claimants will be left facing overpayments – which could be quite large once housing costs are included – that are not their fault and that they were unaware of.

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<sup>13</sup> <https://www.gov.uk/guidance/housing-costs-for-18-to-21-year-olds>

<sup>14</sup> <http://researchbriefings.files.parliament.uk/documents/SN06473/SN06473.pdf>

<sup>15</sup> Low Income Family Tracker dashboard from Policy in Practice – data as at June 2017



## Effects on Exeter City Council

### Rent collection

Currently 20% of working age customers who receive Housing Benefit have rent arrears with us. Our experience to date with the Live Service indicates that this will increase significantly once they transfer to Universal Credit. There have been a number of reports from Local Authorities and Housing Associations looking at rent arrears in areas where Universal Credit has been introduced. The National Federation of ALMOs (NFA) and Association of Retained Council Housing (ARCH) published their research in January 2017<sup>16</sup>. They surveyed 33 local authority and ALMO landlords who had seen Universal Credit rolled out to their tenants. Their figures showed that the value of arrears for Universal Credit claimants doubled over the monitoring period, whilst those for non UC claimants actually reduced in value.

DWP believe the rent arrears argument is overstated. Neil Couling, Director General of the Universal Credit Programme wrote to LA Chief Executives on 2<sup>nd</sup> October 2017 to address this and other points relating to rollout. He highlights three different types of arrears:

- “Book arrears” caused by the charging practices of landlords (presumably charging rent in advance)
- “Time lag arrears” caused by the monthly in arrears payment of Universal Credit and
- Arrears caused by (“a small number of”) tenants not passing on their rent money from UC to their landlord.

He acknowledges issues with housing costs decisions and payments in a minority of cases. He goes on to explain that the slow roll out has allowed DWP to learn lessons and improve the process. He quotes a figure that 80% of cases now receive a full payment on time at the end of their first assessment period.

A wide variety of figures for the impact of UC on rent arrears are reported from different sources. They do not readily compare to each other because of the different conditions underlying each survey. However there is a common picture emerging in all cases: rent arrears will rise under Universal Credit. There are a number of reasons for this and some mitigation can be put in place to reduce the effect (see: [Our approach](#) section). However, no matter how much extra resources are put into collection services and supporting customers, some increase in arrears is inevitable and built into the design of Universal Credit.

### Temporary accommodation

One area where there is still a high degree of uncertainty is the provision of housing costs for those in temporary accommodation. It was recognised early on that not all accommodation was suitable for inclusion in Universal Credit housing costs. Responsibility for paying towards supported accommodation has stayed with local authorities through Housing Benefit. It has long been expected that the same decision would be taken for temporary accommodation. To date that has not happened.

We are therefore faced with the prospect of a benefit that is assessed once a month in arrears will need to meet the housing costs of people who, by their very nature, move frequently between accommodations at different rent levels. It is unlikely that

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<sup>16</sup> [http://www.arch-housing.org.uk/media/96253/nfa\\_arch\\_universal\\_credit\\_-\\_a\\_progress\\_update\\_welfare\\_reform\\_survey\\_findings\\_-\\_as\\_at\\_sept\\_2016\\_.pdf](http://www.arch-housing.org.uk/media/96253/nfa_arch_universal_credit_-_a_progress_update_welfare_reform_survey_findings_-_as_at_sept_2016_.pdf)

the award of UC housing costs will ever be flexible enough to cope with the short term nature of this group<sup>17</sup>. It is also true that the limits on the amount of UC housing costs mean that, even when an award does include housing costs, it will not meet anything like the full charge. Finally there will be little or no time to arrange direct payments to landlord for these clients. Any housing costs payments that are made will therefore be to the customer. By the time they receive the money they may have left the accommodation or even the area. Their priority at that point will be to pay the rent where they currently live, making the prospect of collecting any rent arrears on the temporary accommodation remote.

Projected Housing Benefit expenditure to residents of temporary accommodation is £1.053m in 2018/19. Under current rules 100% of this amount would all be paid directly to the rent accounts of the tenants. If we manage to collect 80% of this amount from payments made to Universal Credit claimants, this will increase rent arrears for this group by £211,000. It will also require significantly more time and effort put into collecting that money, either directly from the tenant or from DWP via direct payments or attachments for arrears.

### Council Tax collection and Council Tax Support administration

The introduction of Universal Credit affects Council Tax in three main ways:

- Claiming Council Tax Support is no longer tied to a claim for help with housing costs. Take up of claims is therefore lower under UCFS than the current scheme. Many customers will only claim when chased for arrears.
- CTS schemes, as currently designed, reassess entitlement every month when UC income changes. This generates a significant amount of extra work for the Benefits & Welfare team. A sample of five sites which have moved to full service in the last year sees an average of 150% increase in volumes of reassessments.
- Reassessing CTS awards also creates a new bill and resets the recovery cycle, making in year collection much harder.
- Delays in payments and gaps in the awards of UC leave customers with less money available to pay their bills, including Council Tax.

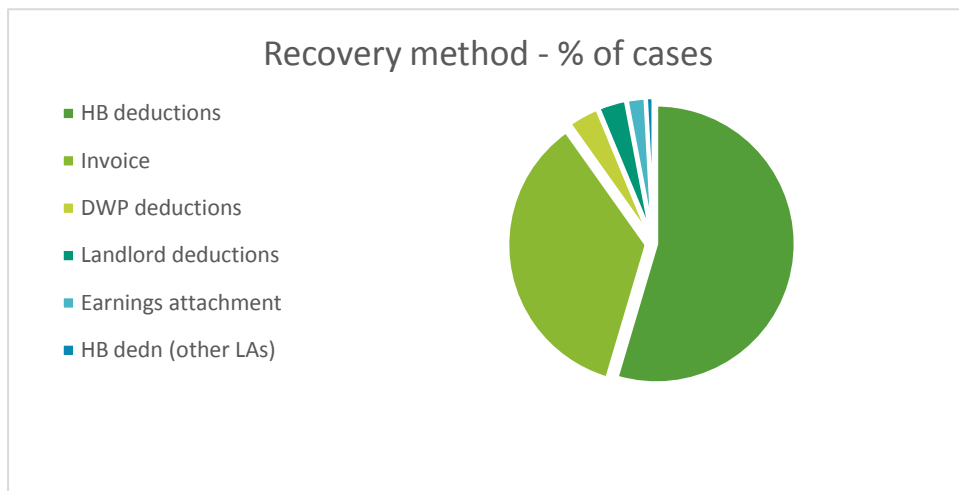
60% of our current CTS claims are expected to be affected by the rollout of UCFS at some point. The annual Council Tax charge for this group of customers is in the order of £6.5m. CTS currently covers £3.1m leaving £3.4m to be collected from them. As previously observed, take up can be expected to be lower under UCFS. If just one person in 10 fails to make their claim for CTS that will increase the amount of collectible charge by £0.31m. Although not a large proportion of the total collectible Council Tax (around £65m), the financial circumstances of these customers will make collection much more labour intensive. It will inevitably involve providing more support and assistance alongside traditional collection methods.

### Housing Benefit overpayment (HBOP) recovery

Universal Credit removes a very important method of recovering overpaid Housing Benefit. We have a current HBOP debt of around £2.5m and recover around £100,000 each month. Currently 55% of our HBOP cases are recovered by deductions taken from Housing Benefit before payments are made. Once housing costs are included in UC awards, the Payment and Collection team must make a request for recovery of a Housing Benefit overpayment to DWP. The priority of HBOP debt is a long way down a very long list. Also, the amount that can be recovered from UC is lower than can currently be recovered from HB. Lastly, the administration involved in making and monitoring requests and payment reconciliation is substantially more than in the current system.

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<sup>17</sup> <http://researchbriefings.files.parliament.uk/documents/SN06547/SN06547.pdf>



Of the 6294 claimants who are expected to transfer to UC, 803 have a Housing Benefit overpayment debt with us. The majority of these will be repaying the overpayment from their ongoing HB awards, representing up to £9,000 income per week. As the HB caseload reduces, the amount of new debt raised will drop in line. However the amount of overpayment that is recovered each month will drop even more sharply – new debt being faster to recover than old. This will reduce another income stream for the authority which, over time, could approach £1m annually.

### Homelessness

DWP are beginning to recognise the importance of establishing relationships with social landlords and are taking steps to improve the journey for these tenants. Recently DWP have announced a new portal for social landlords<sup>18</sup> to access and supply information relating to tenant's UC claims. They are not able to do the same with the majority of private landlords. Tenants in the private sector are likely to suffer more from delayed and reduced payments of their housing costs than under the Housing Benefit system. The knock on effect for us will be an increase in households, including families and long term sick and disabled people, facing the threat of eviction. It is also likely, as has been experienced elsewhere, that the private rental market will become harder to access for people receiving Universal Credit. This could be felt particularly in Exeter where there is already a shortage of property available at rents that are affordable on benefits. There are 1765 households in private rented accommodation in Exeter who will be moving to UCFS.

### Housing Benefit administration

The most obvious, but not necessarily most significant, impact of UCFS rollout will be the reduction in HB caseload. Accurately predicting the timeline and final situation is almost impossible with the frequently changing rollout schedule. Ultimately though, the majority of our 6500 working age cases will transfer to have their housing costs met by UC. During the transitional period DWP will continue to withdraw large amounts from the HB administration grant they pay to us. In other areas this has been between 20 and 25% in the first year following the start of rollout – 2019/20 for us. Although it has been eroded through the years of austerity, this is still a large grant - £422,826 for 2017/18 – which makes a big contribution to the costs of running the Benefits and Welfare service.

<sup>18</sup> [http://www.arch-housing.org.uk/media/96253/nfa\\_arch\\_universal\\_credit\\_-\\_a\\_progress\\_update\\_welfare\\_reform\\_survey\\_findings\\_-\\_as\\_at\\_sept\\_2016\\_.pdf](http://www.arch-housing.org.uk/media/96253/nfa_arch_universal_credit_-_a_progress_update_welfare_reform_survey_findings_-_as_at_sept_2016_.pdf)

The type of work being undertaken will unquestionably change as UCFS rolls out, but, from experiences elsewhere, overall workload will not reduce anything like as much as the funding reduces. The team will still be dealing with any working age cases that fall outside UC rules – currently including supported accommodation and possibly broadening to include temporary accommodation before the end of this year<sup>19</sup>. We will continue to deal with remaining working age HB claims until the managed transfer of cases is completed – scheduled for 2022.

There is work to do to close down cases, but once transferred the volume of means-tested assessments being undertaken will decline. DWP are providing New Burdens funding to support the migration process. For 2017/18 the amounts for Exeter City Council were:

<b>New Burdens</b>	<b>Funding</b>	<b>Description</b>
Management	£8,549	This is to support Universal Credit Implementation.
Housing Benefit Natural Migration	£1,553	This is to support moving claimants from legacy benefits to UC.
Support for Housing Expertise	£ 0	This is to fund LAs for the clerical process of providing further information for complex housing costs to Universal Credit.
Housing Benefit Debt Migration	£ 1,053	This is for the administrative cost of transferring details of claimant HB debt to DWP.
<b>Total</b>	<b>£11,155</b>	

When compared to the reduction in Administration Grant of potentially £105,000, this New Burdens payment does not go very far towards making up the shortfall.

Assessors will also still be dealing with pensioner Housing Benefit and CTS claims for all customers. Currently the CTS assessment happens alongside the HB assessment – little extra work is necessary. In future the CTS assessment will be a piece of work of the same scale as a HB assessment, but without the same level of administration funding.

#### Discretionary Housing Payments (DHP)

Under UC rules housing costs for most customers are paid by DWP as part of their UC award. DHPs have long been used by Local Authorities as a way of topping up Housing Benefit where a customer had additional housing costs that were not being met. It is used for the hard cases and exceptions where the regulations do not allow a payment of Housing Benefit. Under UC the responsibility for deciding and paying DHP remain with the Local Authority.

The positive side to this is that we still retain some local funding for housing costs. This will be a valuable tool in helping to avoid evictions and homelessness caused by shortfalls and deficiencies in the Universal Credit Housing Costs decision making. It does however cause a number of problems.

Under UC we no longer have any control or influence over the housing costs award. The first step when a claim for DHP is made now, is to check that the maximum amount of Housing Benefit is being paid. In future, even if we believe the DWP decision on housing costs is wrong, we will have to pay out of the limited DHP pot.

<sup>19</sup> <http://researchbriefings.files.parliament.uk/documents/SN06547/SN06547.pdf>

We are already spending our full DHP allocation each year (£167,000 in 2016/17, £239,000 in 2017/18). This allocation is funded by the DWP and will not increase under UC. Indeed it is projected to reduce by £15m each year from 2018/19 to 2020/21<sup>20</sup>. Therefore there is little capacity to meet extra demand generated by the rollout of UC. DHP is designed as a top up to statutory entitlement for housing costs and is not of a scale to replace all of the benefit that may be lost through gaps and shortfalls.

Legally we are able to spend up to 2.5 times our yearly DHP allocation, however the cost of all spend over our allocation has to be met by the Council. If a customer is eligible for an award of DHP, under the regulations and our policy, we are not legally allowed to refuse an award on the grounds that the DWP allocation has been spent if we are still below the overall limit. This could, in theory, expose the authority to unbudgeted expenditure of 1.5 times the DWP allocation, £358,500 in 2017/18.

We cannot make an award of DHP until DWP have awarded the Housing Costs element of UC. Currently we use over a third of our budget for deposits and rent in advance, allowing people to move to more affordable or suitable accommodation. We can do this by assessing the Housing Benefit award in advance of the move. DWP cannot do this, so no DHP can be paid until sometime after the claimant moves in. This restriction also means that we cannot pay while a decision on housing costs is delayed. There is a risk that this will reduce our ability to help prevent homelessness.

Many social landlords are responding to the threat to their balance sheet posed by Universal Credit. Devon Home Choice recently became aware of a social housing provider in the area requiring 8 weeks rent in advance of granting a tenancy. We are also seeing many more social landlords who are introducing new or increasing their existing rent in advance requirements. Until now tenants on benefit have generally been able to negotiate a payment arrangement. That option is now being removed meaning an additional strain is put on the DHP budget.

### Local Welfare Support (LWS)

We have retained a small budget from the funding Devon County Council provided for Local Welfare Assistance after the transfer of responsibility for parts of the Social Fund in 2013. There has been no funding provided to us since 2015 and we have been using the small reserve to provide crisis support only.

For 18 months from July 2017 this budget has also been used to fund the Money and Budgeting Advice Worker. This involves a caseworker from Exeter Citizens Advice working within the Payments and Collection team. He is supporting their officers and those within the wider system to develop their budgeting advice skills with the aim of maximising sustainable collection rates. The contract for this caseworker ends in January 2019. A revenue bid to have funding for the £35,000 per year contract met beyond this point has been to SMB. Their recommendation is that the funding is included as part of the major grant to Exeter Citizens Advice.

We provide food vouchers to supplement Exeter Foodbank and help customers with utility top up vouchers. We also support colleagues in Housing Advice with the costs of relocating homeless clients and provide them funding for food vouchers for their clients. Much of the demand for this crisis help (other than homeless clients) comes from people who are experiencing delays in the award or payment of their benefit or who have had a benefit sanctioned. Demand in all of these areas is likely to be significantly higher once UCFS rolls out.

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<sup>20</sup> Summer Budget 2015

Currently the majority of UC claimants are single jobseekers who are generally quite resilient and have minimal crisis support needs. Once the rollout affects families and disabled households the amount of financial shortfall they each face will be much higher. We would also expect that more of those presenting for crisis support will have a vulnerability. Around £50,000 remains in the budget for crisis support. At present we spend around £15,000 per year and would expect this to increase sharply once rollout begins.

#### Customer advice and assistance

Customers currently come to our Customer Service Centre with a range of complex situations, asking for our help with their financial and/or housing problems. Many of the solutions can be found, directly or indirectly, through Housing Benefit. Once we are no longer in control of decision making on housing costs we will lose much of our ability to offer practical assistance.

Our ability to offer advice will also be severely reduced as our access to information under UCFS is extremely limited. Customers used to having their questions answered and problems resolved by our teams will be faced with the frustrating prospect of being redirected back to DWP for answers.

It is also difficult to predict at this point how demand volumes will be affected. We may see a reduction in enquiries for Housing Benefit claims as people move across to Universal Credit housing costs. At the same time we can expect to see a number of customers coming to us for help navigating the Universal Credit claim process. As a landlord we will have people coming to us for evidence in support of their housing costs claim: currently this is all transferred automatically for Housing Benefit. It is also likely that a number of customers will present with complex debt problems as a result of the issues above. Even if volumes are lower, the complexity of these cases will require more officer time to deal with.



## Effects on other stakeholders

### Private and social landlords

As discussed in the section on [Homelessness](#), landlords of all types are likely to see increased rent arrears. Levels of tolerance for their tenants' problems may be different between the different groups, but fundamentally all landlords rely on rental income to remain viable. Private landlords have a long history of resistance to offering housing to benefit claimants. The inclusion of "No DSS" on rental adverts is still commonplace many years after DSS ceased to exist. Over recent years we, in common with most Local Authorities, have worked hard to build relationships with our local private landlords. This has helped to keep the private rental market accessible, even as we faced recent welfare reforms that have impacted private renters reliant on benefits. Much of this hard work threatens to be undone by the move to housing costs in UCFS. DWP tend to demonstrate less flexibility and discretion in their decision making which, while understandable, will inevitably result in more claims being refused or delayed than under Housing Benefit. Landlords' patience is not likely to last forever.

The response of Social Landlords will be varied; one common response is discussed in the section on [DHP](#). Some landlords will be putting more resources into supporting their tenants affected by UCFS, others will toughen their lettings and arrears policies. Aster Housing spoke recently about how they have varied their approach for Universal Credit claimants. They have accepted the inevitability of structural arrears due to the design of UC and are not wasting resources chasing those who have no money to pay. Instead they are focused on early intervention, speaking to tenants as soon as they know a UC claim is being made and setting clear affordable arrangements ahead of the first payment being received. They are not doing much actual support of tenants, directing them instead to DWP and Local Authorities. They are though making sure tenants fully understand the rules, how UC works and what is expected of them.

### Advice agencies

All agencies dealing with benefit, budgeting, digital inclusion, debt or housing issues are going to see an increase in demand from UCFS customers. Citizens Advice, in calling for a pause in the rollout<sup>21</sup>, highlighted that, of the 30,000 people they supported with UC problems, 25% also had debt issues. 57% of those surveyed had been forced to borrow money whilst waiting for their first payment.

### Charities

Any charities involved with supporting low income households will see more demand for help as the rollout continues. In particular, those providing crisis support are likely to find more families coming to them with no money for essentials. The Trussell Trust operate a network of 420 foodbanks across the UK, including in Exeter. They addressed the increased demand in their submission to the Work and Pensions Committee Universal Credit inquiry<sup>22</sup> in September 2017. They observed an increase in demand for food parcels of 16.85% in 2016/17 in those areas where Universal Credit Full Service was completely or partially rolled out. In other areas demand increased by only 6.64%. Their volunteers are reporting increases not just in volume but severity and complexity of issues in the people presenting for help. They highlight

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<sup>21</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-calls-for-universal-credit-rollout-to-be-paused-as-research-reveals-people-left-facing-financial-difficulty1/>

<sup>22</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit-rollout/written/70172.html>

the wider effects of the delay in first payment: "...increased debt levels, exacerbation of mental health issues, strain on relationships, and the inability to meet essential payments, such as rent."



## Universal Support

Universal Support is DWP's approach to mitigate some of the worst impacts of Universal Credit rollout on households. Under this scheme local authorities sign an agreement to deliver support to UC customers in two areas:

- Digital inclusion – making an online claim
- Financial inclusion – personal budgeting support

The scheme has been operating since the introduction of the UC Live Service in 2013. In Exeter we have signed up to provide this support since 2015 and taken the small amount of funding on offer. Take up of this service has been extremely low to date which partly reflects the client group who have been affected by the Live Service. We have also been clear with Jobcentre managers that the service we offer will be in line with the value put on the work by DWP's funding.

There is no statutory requirement for Exeter City Council to sign up with DWP to deliver Universal Support each year, and several Devon Authorities have refused to do so in 2017/18, due to the poor funding offered. Whether we continue to offer Universal Support under Full Service will largely depend on what role we wish to play as Universal Credit rolls out.

Signing up will mean that Exeter City Council becomes officially the organisation responsible for supporting customers impacted by DWP's policy. Jobcentre Plus and other organisations will send all customers who are struggling to manage the new system, either online or financially, to us for a solution.

If we do not sign up then it will remain DWP's responsibility to identify the means of support for digital or financial assistance for their customers.

DWP expect that we have no alternative to signing up because they are aware that when these customers are struggling they will turn to us anyway (for Local Welfare Support crisis assistance, Discretionary Housing Payments and homelessness prevention). Many will also be our tenants, so we will have to be involved with supporting them to pay their rent. The large majority will also be Council Tax payers who we will need our support to claim CTS and pay their remaining liability.

For the current year, under Universal Credit Live Service, the funding for Universal Support has been fixed based on assumed volumes. It is expected that funding under UCFS from next year will be on the same basis. DWP estimate the number of new claims for Universal Credit on a monthly basis and assume a percentage of them who will require support with online or budgeting skills. They then attribute a time value for that support and an hourly rate to deliver it. Experience in other UCFS areas has been that the estimates of demand have been low and funding insufficient.

	Full service		Live service		2017/18
	Time (m)	Value	Time (m)	Value	Profile cases
Digital support	102	£43.62	60	£25.66	68
Personal Budgeting Support	120	£51.32	120	£51.32	40

We have seen under the current system that the time allowed, in particular for budgeting support, is not enough to be able to deliver an effective service. Overall funding available (maximum £3,829 for 2017/18) is nowhere near enough to justify a contracted out service or to fully fund an internal position. Agreeing to deliver Universal Support for DWP will therefore carry an unfunded cost to the Council. However it may be that, properly delivered, this support can help to protect Council income.

## The approach we intend to take

We believe that our response to Universal Credit should have the following objectives:

- Protect Council income (Rent collection, Council Tax collection & HB overpayment collection)
- Prevent homelessness
- Mitigate the worst effects of the reform for vulnerable customers

Customers affected by UCFS are going to have a wide range of needs and our response must be similarly broad. Officers involved in supporting UCFS customers must have, or be able to access, expertise and decision making authority in at least the following areas:

- Universal Credit claim & payment rules
- Budgeting, money management and identifying priority payments
- Debt resolution remedies and grants available
- Housing Benefit
- Council Tax Support
- Housing Advice and homelessness prevention
- Collection of Council rent, Council Tax and Housing Benefit overpayments
- Discretionary support including
  - Local Welfare Support
  - Discretionary Housing Payments
  - Exceptional Hardship Payments
  - Housing Spend to Save

Demand is the great unknown at this stage. The Government recently wrote to LA Chief Executives confirming the current rollout timetable was to continue. However calls for a pause in the rollout or significant changes to the design of Universal Credit continue to come from many sources.

Our planning assumptions are made on the basis that rollout continues as announced and the policy design remains largely unchanged. Even so it is very hard to predict the pattern and volumes of demand over time.

The proposed solution is to draw officers with the relevant expertise from the different teams impacted by the rollout i.e. Benefits & Welfare, Customer Support, Payment & Collection, Housing Advice and Housing Customer Relations. This multi-disciplinary group should be able to work together to resolve whatever the customer's individual issues are. At the core of the Universal Support group will be a co-ordinator and two full time dedicated officers. Initially, while demand is low, a single officer from each team will need to be involved as "Universal Credit Champion" for their area. This will probably be on an on-pull basis where their expertise can be called on when needed. As demand grows, membership of the group can be expanded with additional officers coming from the areas where experience shows the greatest need exists.

This team will need to be able to do all of the things needed by customers affected by Universal Credit to meet the three objectives set out above. This will include:

- Delivering Personal Budgeting Support and Digital Support under the Universal Support agreement
- Make early contact with Council Tenants to ensure the customer understands the process and what is needed from them
- Setting up realistic and sustainable payment plans before first UC payment is received

- Ensuring CTS is claimed and paid and that affordable arrangements are set for the remaining balance
- Assisting with extra discretionary help and signposting to other sources of support where needed
- Providing or facilitating specialist advice on housing or debt issues identified
- Providing ongoing support with digital access to maintain customers' UC awards

Officers for this group will have to come from within existing teams due to the levels of expertise needed to provide the support above. The amount of time that will need to be given to these customers is difficult to predict. It is therefore hard to say how much officer time will need to be backfilled and how much can be freed up by changing the way existing services are delivered. Initially we will need to keep the extra temporary resources we already have in place, including an additional 7 hours of a Senior Benefits & Welfare Officer and an agency Assessment Officer who is covering maternity leave until the New Year.

We are also introducing an apprentice into the Customer Service Centre from January 2018. Their purpose will be to test the Customer Service floorwalker role where customers can be given some less intensive assistance with self-help facilities. This person may prove valuable in providing the digital support that UCFS customers need.

## Considerations as a landlord

This report has already highlighted the potential increase in rent arrears, therefore as a landlord we too need to be considering what actions we can put in place to mitigate this threat to our income stream. A recent survey of the 21 Devon Home Choice partner landlords showed that Exeter City Council was one of only three landlords who do not ask new tenants for rent in advance. The 18 other DHC partner landlords all request rent in advance of varying amounts with differences in how widely they enforce their rules.

The option to start charging rent in advance is one that Members may wish to explore further once the actual impact on rent arrears is known.

The Payment and Collection team will be working as part of the Universal Support group outlined above. They will be able to intervene early with new Universal Credit claimants to minimise resulting rent arrears. Ahead of rollout, Universal Credit training will also be given to officers within the Housing Customer Relations, Lettings and Leasehold, and Housing Advice teams. The Universal Support group will work with these teams on any changes to processes that can be adopted in support of the group's aims.

## Appendix 1 – Changes announced since the report was written

Announcements relating to Universal Credit rollout and design were made in Budget 2017 and in a statement to Parliament by the Secretary of State on 23 November 2017. Full details of these announcements have not been released, although they are likely to have a significant impact on the contents of the report.

### Delayed roll out timetable

Exeter Jobcentre will now go live from September 2018 rather than June 2018.

### Removal of seven waiting days

The seven days at the start of new claims where there would be no entitlement to UC will be removed from February 2018. This should mean first payments (not including advances) will be sent five weeks or longer after a claim is made rather than six weeks or longer.

### Two week run-on of Housing Benefit when transferring to UC

UC claimants with an existing HB award will keep their HB award for a further two weeks reducing the period of time before UC housing costs is paid. It looks as though there will be an overlap of payments where the claimant is paid housing costs twice for the same period.

### Easier to request payment to landlord

Where UC claimants already have HB payments made to their landlord it will be “made easier” for this arrangement to continue. It appears that this means guidance will be issued to DWP staff to highlight the existing options to customers at the point of claiming rather than a relaxing of the rules.

### Easier access to and increased amount of payment advances

From January 2018 applications for advance payments will start to be available online. The maximum amount that can be requested will increase from 50% of a monthly underlying entitlement to 100%.

### Increasing period for payment advances to be repaid

The period over which payment advances must be repaid will increase from 6 months to 12 months.

### Temporary accommodation costs

Local authorities will be able to reclaim “over 80% of the money they spend on temporary accommodation directly from the Department for Work and Pensions rather than from the claimant”. A letter from Neil Couling, UC Director General, on 23 November states that housing costs for Temporary Accommodation will be met from Housing Benefit from April 2018, subject to legislation being laid.

### Partnership working with Citizens Advice

DWP are “exploring with Citizens Advice the scope for greater collaborative working to help claimants locally as they move to Universal Credit.” This is said to be building on the Universal Support already delivered by local authorities.