

## ANGLIA REVENUES PARTNERSHIP

**Report of** Adrian Mills – ARP Strategic Manager (Billing & Benefits)

**To:** ARP Joint Committee, 8th December 2020

**Subject:** Welfare Reform

**Purpose:** To provide an update on welfare reform

### Recommendation(s):

- That the report is noted.

## 1.0 INTRODUCTION

### 1.1 Background

**1.1.1** Welfare Reform was introduced by Government in 2012 as part of wider fiscal measures to reduce deficits, with the intention to encourage work whilst reducing welfare expenditure. This report contains the latest updates on welfare reform and builds on previous reports to Joint Committee.

## 2.0 Matters of interest

### 2.1 Universal Credit – situation to date

#### 2.1.1 Universal Support

**2.1.2** The Department for Work and Pensions (DWP) established Universal Support to help people to claim Universal Credit and budgeting support to help customers to manage their payments.

**2.1.3** Since the introduction of Universal Credit, the DWP has funded Local Authorities to provide these services, who in turn have been free to do so either directly or through commissioning arrangements. The ARP partner Councils provided direct help to claim within their Customer Services teams, with all bar one of the Councils funding Citizen's Advice to provide budgeting support.

**2.1.4** From the 1<sup>st</sup> April 2019 the DWP awarded a 12 month contract to Citizens Advice (CAB) to provide these services. CAB nationally have, through their various CAB networks throughout Cambridgeshire, Norfolk and Suffolk, established the following arrangements locally:

- Advisors dial into a national call centre
- Web chat
- Face to face arrangements – some on an appointment basis, others on a drop in basis or a mixture of the two. Rural provision can be patchy

**2.1.5** Concerns have been raised that CAB are only funded to help to the first payment. Given DWP's processing figures show 80% of claims are paid on time (at five weeks) and given that the Housing Element (for rent) is typically the cause of delay, concerns have been expressed that vulnerable people may be affected and at risk of falling into rent arrears and subsequent consequences. CAB have said they will continue to help such customers, drawing on their usual funding streams.

- 2.1.6** The partner Customer Services teams intend to continue to help customers to claim, which may include signposting to CAB.
- 2.1.7** ARP continues to monitor the position and through meetings with the LGA and DWP, will continue to raise issues and concerns.
- 2.1.8** DWP are yet to publish a six-month review of the Service and are yet to indicate plans for April 2020.

**2.1.9 Summary of the latest position on the expansion of Universal Credit**

- Funding to smooth the transition to Universal Credit, including an additional two week run on of existing DWP benefit, will apply from 2020 to help with the gap to customers first Universal Credit payment. NB – Housing Benefit has provided a two week run on since April 2018
- Funding to increase in work allowances - thereby boosting UC payments
- Managed migration of existing cases to commence from November 2020, but only after testing of up to 10,000 claimants from July 2019 at Harrogate and completion set by December 2023
- At time of writing only a handful of selected, volunteered customers have had intensive support to move them to Universal Credit
- Reductions in maximum deductions from Universal Credit – to offset criticisms advance payments were being deducted too quickly and at punitive rates
- For newly self-employed the introduction from September 2019 of a longer, 12 month, grace period before a minimum income floor calculation is applied
- Pensioner Housing Benefit to continue until at least 2023
- DWP has announced a £10 million Universal Credit Transition Fund for outreach programmes to help vulnerable people make Universal Credit claims.
- The fund will be available to partner organisations across the UK, including charities, from April 2020. It will aim to help vulnerable people, including disabled people, care leavers and those with mental health issues, claim Universal Credit as a route into work. It will support innovative ideas for engaging with vulnerable people early, helping them to make timely claims to the new benefit.
- Funding application details were not available at time of writing.

**2.2 At a national level the following concerns have been raised:**

- How DWP will monitor and report Citizen's Advice performance delivering Universal Support
- Concerns the Harrogate trial is not a meaningful trial, given the claimant population demographics and the intensive support will not be sustainable
- The lack of Managed Migration detailed plans and schedule
- Failure to populate UC systems with legacy systems data – all existing customers for HB will be expected to make a new claim. This is being reviewed.
- Concerns the Managed Migration process will leave customers without benefit during the transfer - DWP adopting a 'who knows me approach'
- The five week wait for UC payments – rent element often lags behind
- Alternative Payment Arrangements and data share for Private Landlords
- Housing Benefit Debt
- LA funding
- Management Information including LA access to UC Information

**2.2.1** During July DWP commenced a small scale managed migration trial at Harrogate Jobcentre. This will test:

- The 'who knows me' approach
- methods to 'warm up' customers selected to migrate to UC (no compulsion)
- options to explain the UC claiming process
- how to UC claim – online and evidence requirements
- how to understand monthly UC payments and how to budget

- understanding award letters and customer journal requirements to ensure UC conditionality compliance
- testing pre population of existing customer data
- testing how transitional protection can work
- those participating in the trial will not have their legacy benefit stopped without UC entitlement established
- Parliament is required to consider the results of the trial prior to considering next steps – this is not expected before Summer 2020

**2.2.2** On 15<sup>TH</sup> May 2019 DWP introduced new legislation that means new claims from mixed age couples, where one partner is a pensioner and the other working age, must claim UC and be subject to UC conditionality rules, i.e. required to actively seek work to receive benefit, with certain exceptions. Given benefit rates are higher for existing pensioners, this will have the effect of reducing benefit entitlement. Protections are in place for existing customers until a relevant change in their circumstances.

### **2.2.3 Universal Credit – new matter arising**

- DWP had announced a review of the contract given to Citizen's Advice to provide the Help to Claim UC service for the 2020 – 2021 year would take place to inform options for contract award for the 2021 – 2022 year. To date this has not been completed, DWP stating COVID response has delayed plans. It is not known at this stage what their approach will be to the 2021 – 2022 contract award.
- Due to COVID-19 DWP stopped the Harrogate managed migration pilot. Consequently, a planned report has not gone to Parliament before Summer recess, in turn meaning managed migration plans are on hold. Given UC Programme staff are largely redeployed to UC assessment centres, DWP have not provided any further updates.
- It is anticipated DWP will simply allow cases to naturally migrate to UC when they have a change of circumstances rather than manage migration. It is worth noting managed migration is more challenging for customers, administratively more complex for DWP and LAs, whilst also incurring transitional protection cost when new UC entitlement is less than previous benefit levels.

### **2.3 Discretionary Housing Payment - new matters arising**

**2.3.1** Discretionary Housing Payment grant is funded by DWP, designed to help customers remain in their homes or to move to affordable and sustainable accommodation. For the 2020/21 year DWP increased funding to offset the impact of private sector rents increasing above the Local Housing Allowance (LHA) rates used to calculate Housing Benefit.

**2.3.2** Spend continues to be within DWP grant, and we aim to use all the grant to help customers. The main area of expenditure continues to be to assist customers with rent shortfalls, due to restrictions on Housing Benefit rent levels. We work closely with partner Housing Options teams to identify and help customers and we promote the scheme through our stakeholder contacts.

### **2.4 Benefit Cap – no new matters arising**

**2.4.1** DWP introduced the reduced Benefit Cap on the 7<sup>th</sup> November 2016; the maximum family income before the Benefit Cap applies reduced from £26,000 to £20,000 (£13,400 for single adults with no children).

**2.4.2** The Benefit Service continues to work with colleagues in Customer Service and Housing Options teams to seek to avoid homelessness and the cost of temporary housing.

**2.4.3** DWP have provided New Burdens funding to assist Councils with extra administrative costs and have increased Discretionary Housing Payment grants to help customers with the reduction – it should be noted the increase does not cover all the reductions.

## **2.5 Social rented sector rent restrictions – no new matters arising**

**2.5.1** In August Government finally responded to consultation on funding for supported housing, dropping proposals to move away from a subsidised demand led model to a grant model. For the foreseeable future, supported accommodation, including hostel tenancies, will remain in Housing Benefit and will not move to Universal Credit.

## **3.0 Welfare Benefit Uprating April 2020 – no new matters arising**

**3.1** Government have confirmed an end to the four year Benefit uprating freeze. From April 2020 all Benefits increased by CPI as of September 2019, 1.7% with the State Pension rising by 3.9% due to the ‘Triple Lock’.

## **4.0 Options**

**4.1** The report is for information purposes

## **5.0 Reasons for recommendations**

**5.1** The report is for information only

## **6.0 IMPLICATIONS**

### **6.1 Risk**

The report is for information only

### **6.2 Financial**

The report is for information only

### **6.3 Legal**

The report is for information only

### **6.4 Equality and Diversity**

Not applicable.

Background papers: - None

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