

## ANGLIA REVENUES PARTNERSHIP

**Report of** Lorraine King – ARP Head of Benefits, Council Tax Billing & Systems

**To:** **Joint Committee**, 7<sup>th</sup> March 2023

**Subject:** Welfare Reform

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

### Recommendation(s):

- Joint Committee note the report.

## 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 – update at 2.1.14 (m-n)

#### 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** In April 2019 changed their strategy, awarding a 12-month contract, subsequently extended to the 2021-2022 year, 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 approximately 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 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 review of the CAB Help to Claim service but have confirmed the CAB arrangement will continue into the 2021-2022 year, with a review underway for provision from 2022.
- 2.1.9** DWP recently requested expressions of interest from public, private, and voluntary sectors to deliver a digital and telephony help to claim service from April 2022, stating DWP will take responsibility for face to face assistance. An expression of interest was made.
- 2.1.10** The Customer Services Team, comprising of partner Heads of Customer Service, support the ARP view that the best fit for our residents would be for DWP to take full responsibility for helping customers to claim UC, a benefit they administer. To provide a seamless service DWP could utilise their existing digital and telephony capability to provide assistance to supplement their face to face Job Centre capability.
- 2.1.11** At Joint Committee 22<sup>nd</sup> June 2021 Members requested a briefing note to assist with any discussions with their MPs, subsequently issued.
- 2.1.12** DWP have commenced a formal process to requests bids for a digital and telephony service, intending to award contract from April 2022 for one year.
- 2.1.13** It was announced at the end of January that the Help to Claim scheme has been renewed for a further year. Ministers confirmed that Citizens Advice will continue to deliver independent support and from April 2022 and that the support will be provided through telephony and digital channels. Individuals who are unable to access support via these channels will be supported by the local jobcentres.

**2.1.14 Summary of the current position on the expansion of Universal Credit**

- a) Due to redeploying staff to deal with the Covid-19 pandemic, DWP pulled the Harrogate pilot of managed migration of existing cases in Spring 2020. DWP now plan to recommence the pilot this year and report to Parliament with the aim of completing migration by 2024. DWP have not released any further detail or indicative timetable at this stage.
- b) DWP are launching a UC awareness campaign to encourage voluntary migration as numbers are very low and not meeting UC business case volumes or costings. Difficulty presents that voluntary customer will not receive the transitional protection afforded to managed customers – DWP itself estimates 30-50% will be worse off at the point of transfer, with Ministers advocating caution when advising customers.
- c) As a response to the Covid-19 pandemic, Universal Credit rates were temporarily increased by £20 per week for the 2020-2021 year and extended in the budget. This ended on 06<sup>th</sup> October, and we have received change files for all UC recipients. Due to the recent improvements to automation, we have been able to automate around 96% of these changes seamlessly, requiring no intervention from the team, whilst other Councils are struggling to cope with the increase in manual assessments. It should be noted all the partner Local Council Tax Support schemes provided for customers to receive the full benefit of that uplift.
- d) The Chancellor announced at the 2021 Budget that by 1<sup>st</sup> December the taper for UC will be reduced from 63p to 55p per pound to help plug the gap left by the removal of the uplift which affected 4.4 million households nationally. This change is expected to benefit around 1.9m families.
- e) The UC work allowance will also increase by £500 per year from the same date and a new target of March 2025 was set for the rollout of UC to be complete, and for the introduction of a pension age housing costs scheme.

- f) Ministers announced in December 2021 that they would resume the managed migration process at some point during 2022, but it is felt that any movement this year will be very slow with rollout accelerating through 2023-24.
- g) DWP announced in April 2022 that they intend to move all working age customers to UC by the end of 2024. The scheme will now be called 'Move to UC' rather than managed migration.
- h) Lessons learned from the limited cases involved in Harrogate trial indicated that warm up conversations did not work and that aligning payment cycles is important.
- i) In May 2022 DWP announced that the first two trial sites are Bolton and Medway. During the trial there will be more focus on customers moving over independently and a test and learn approach will continue. At the time of writing this report we understand 500 claimants will be written to and given 3 months to make a claim for Universal Credit.
- j) Melton and Bolton trial 3-month deadline ran into second week of August with 1-month extensions given. A further 250 letters were issued in July trialling a different approach and expanded into Cornwall at the same time where 250 letters were issued to trial a new demographic. Harrow has now joined the pilot as well as Northumberland. CEOs should be contacted 4-6 weeks prior to any involvement in their area.
- k) In the Autumn budget in November 2022, it was announced that plans to continue to move across 2.5 m cases on to UC will continue but the move of a further 1 m ESA customers will be delayed until 2028. The plan to consider movement of Pensioners on to a Housing Element was also delayed from 2025 to 2028-29.
- l) It was also announced that mortgage support through UC will be reviewed.
- m) In January 2023, a report was issued providing analysis on the initial 499 move to UC cases. Of the 499, 423 transitioned, with 50% being awarded Transitional Protection, 63 applied by phone and 7 cases are yet to make a claim. The migration data will help inform the next stages of migration.
- n) We continue to press for more information and timelines at our regular DWP & LGA liaison meetings and await further updates on the larger roll out programme.

## **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
- The lack of Managed Migration detailed plans and schedule
- Failure to take advantage of existing data to prepopulate UC systems with legacy systems data – all existing customers including Housing Benefit will be expected to make a new claim. DWP say they cannot 'lift and shift' existing known data held on their systems to the UC system. I have challenged that as a missed opportunity to smooth the customer migration journey.
- Concerns the Managed Migration process will leave customers without benefit during the transfer - DWP adopting a 'who knows me approach'
- The five weeks 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

## **2.3 Discretionary Housing Payments – update at 2.3.6**

**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 2020-2021 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** However, funding for 2021-2022 has returned to 2019-2020 levels, despite concerns the pandemic will increase demand throughout this year. We are in close conversations with individual Housing teams to plan, profile and monitor demand and expenditure to

meet requirements to ensure full spend, but not to exceed funding levels, given a budget does not exist to top up.

**2.3.3** Funding for 2021-2022 was allocated in two parts with £100m at the start of the year and £40m at mid-year. We received the second allocation in September.

**2.3.4** Funding for 2022-2023 is being allocated in two allocations with national funding of £100m in April and £2m mid-year, a reduction of £38m overall (27%). We are working closely with Housing teams and other stakeholders to devise a process to help us manage the reduced budget to assist customers with shortfalls in their rent.

**2.3.5** Residual Discretionary Council Tax rebate funding has been used to provide additional targeted support to those who have successfully applied for DHP this financial year with payments of between £100-£200 being issued ahead of the scheme closure on 30<sup>th</sup> November 2022.

**2.3.6** DWP are proposing to retain current methodology for DHP allocations, with a 2-year funding freeze with allocations to be paid in one upfront payment. This is to retain consistency and help Local Authorities plan. A short consultancy will take place prior to allocations being made in February.

## **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 will rise from £20,000 to £22,020 and for single adults with no children from £13,400 to £14,753 from April 2023.

**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** It was announced in the Autumn statement in November 2022 that the benefit cap would rise by 10.1% in line with CPI from April 2023. This will mean 60k households will no longer be capped, 130k will receive more support and 30k will be out of the scope of the cap.

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

**2.5.1** In August 2020 Government 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 Up-rating April 2023 – no new matters arising**

**3.1** Government ended the four-year Benefit up-rating freeze in 2020. However, the link between pensions and the triple lock was severed in September 2021 because of wage inflation. Instead, in 2022/23 the State Pension will rise in line with the highest of inflation or 2.5%, with CPI for September (3.1%) historically being the figure used.

**3.2** It was announced in the Autumn statement in November 2022 that the State Pension and other benefits would be increased by inflation (September CPI) from April 2023 – an increase of 10.1%. The triple lock will also resume.

## **4.0 Homes for Ukraine's scheme – no new matters arising**

**4.1** DWP confirmed in circular A4/2022 that there will be no impact on Housing Benefit for anyone entering into the Homes for Ukraine scheme, as such the £350 thank you payment will be disregarded as income and there would be no non-dependant deductions applied.

- 4.2 The same disregards are also covered in the prescribed CTRS scheme for pensioners, and we have provisions in all the partners Local Council Tax Support schemes for working age customers to disregard such payments.

## 5.0 Options

- 5.1 The report is for information purposes

## 6.0 Reasons for recommendations

- 6.1 The report is for information only

## 7.0 IMPLICATIONS

### 7.1 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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