



## EARLY IMPACT OF UNIVERSAL CREDIT

# Scrutiny Report of the Business Overview & Scrutiny Committee

July 2018



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## 1. INTRODUCTION

Universal Credit Full Service went live on 15th November 2017 for the majority of Wirral's residents and an introductory report was presented to the Business O&S Committee on 29<sup>th</sup> November 2017 detailing how this would be implemented locally.

Following a meeting of the Chairs of Wirral Council's four Overview & Scrutiny committees, it was agreed to hold two scrutiny workshops for all Overview & Scrutiny Members to look at the early impact and any emerging issues of Universal Credit on residents in Wirral and the impact on operational services.

The workshops were held on 20<sup>th</sup> and 27<sup>th</sup> February 2018. Wirral Council senior officers and representatives from a number of organisations which had responsibility for providing services to residents affected by Universal Credit were in attendance. Members also requested a representative from the Department for Work and Pensions (DWP) to attend but were informed that the Department's Constitution prohibits Officers attending political forums and are therefore unable to be submitted to scrutiny. Members in attendance at the workshops expressed their disappointment at this.

### Workshop 1 – 20<sup>th</sup> February 2018

- Nicky Dixon, Transaction Management - Business Unit Manager
- Tricia Hughes, Benefits Operational Manager, Wirral Council
- Julie Williams, Customer Services Senior Manager, Wirral Council
- Vicki Lungley, One Stop Shop Area Manager
- Jo Rosser, Call Centre Manager
- Sue Hutchison, Council Tax and Business Rates Manager

### Workshop 2 – 27<sup>th</sup> February 2018

- Catherine Chester, Welfare Rights Adviser
- Sheila Jacobs, Supported Housing & Homelessness Senior Manager
- Carol Johnson-Eyre, Chief Executive Officer, Citizens Advice Wirral
- John Roach, Head of Income Management, Magenta Living
- Richard Roberts, Manager, Wirral Foodbank
- Eddie Gowns, Involve Northwest

It was agreed that the approach taken to deliver the workshops would be for senior officers and organisational representatives to deliver an overview of their service area, highlighting their initial observations and emerging issues, before the workshops were opened up for a question and answer session.

## 2. UNIVERSAL CREDIT OVERVIEW

Universal Credit (UC) is a single monthly payment for people of working age, who are looking for work, or to increase the hours they work or on a low income. It aims to help claimants and their families to become more independent and to simplify the benefits system by bringing together a range of working-age benefits into a single payment. It replaces the following legacy benefits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Working Tax Credit

Universal Credit Live Service was introduced in 2013 in certain areas of the North West, and in July 2014 for Wirral. It has since been progressively rolled out to other areas. Legacy benefits are paid fortnightly, whereas Universal Credit will offer families one single monthly payment.

There are two stages to claiming Universal Credit. The first stage is to make an online claim. The second stage is to attend a face-to-face interview (or 'Initial Work Search Interview') at a Jobcentre Plus office. The administration of the claim, including verification of identity, is undertaken prior to the interview. The claim does not start until the ID has been verified. At the time of the scrutiny workshops, it was up to 9 working days to get an ID verification appointment. The interview is conducted by a Work Coach and will include discussions on the conditions of claiming Universal Credit, detailed in a Claimant Commitment, which is to be agreed by the claimant. The Claimant Commitment is a two-way agreement between the claimant and government setting out what claimants will do to find work in return for receipt of Universal Credit. The claimant and Work Coach will decide what goes into the Claimant Commitment.

Universal Credit is paid monthly in arrears and it can take up to five weeks for the first payment to reach a claimant's bank account from the date of the claim. Advance payments can be requested and will be repaid from Universal Credit payments over 12 months.

Alternative Payment Arrangements (APAs) are available for claimants who can't manage the standard Universal Credit payment. There are three types of APA available:

- Direct payment of the housing cost element to landlords (known as managed payments)
- Splitting of payment between members of a couple
- More frequent payment of benefit

Some existing claimants receiving legacy benefits will be migrated over to Universal Credit following any changes in circumstances, when a current benefit ends (prompting a need to claim a new one) or a claimant becomes entitled to a different or new benefit.

The government's plan was to migrate all benefit claimants to Universal Credit by 2022 as part of its 'managed migration'. However, following both scrutiny workshops, the Secretary of State for Works and Pensions made a Written Statement on 7<sup>th</sup> June about Universal Credit. The

statement highlights the “increased pace of Universal Credit rollout” and, importantly, details a number of changes to be made for people that move on to Universal Credit. The statement goes on to say that in order to implement these changes, migration of all claimants to Universal Credit will be complete by March 2023. The changes were notified to all local authorities on 7<sup>th</sup> June and are detailed in **Appendix 1**.

### **3. EMERGING IMPACTS OF UNIVERSAL CREDIT**

#### **3.1 Impact on the vulnerable**

The workshops highlighted a general consensus that one of the more significant issues relating to Universal Credit is those customers who have presented with a wide range of complex and diverse needs when making a claim.

Citizens Advice Wirral, a local charity which delivers the Council’s main information and advice contract, reported that it had advised 141 people in January 2018 regarding Universal Credit following ‘Full Service’. This is a significant increase from the 33 people it had advised in September 2017 and it is expected that the upward trend will increase over the coming months. Citizens Advice Wirral reported that it is mostly the vulnerable clients with complex issues coming to them for information and advice. It was further highlighted that Universal Credit is a complex benefit to understand and these vulnerable claimants who may have a learning disability, or not have the mental capacity, find it harder to go through the required process. Other claimants may not have internet access or the skills needed to apply or manage online claims.

Citizens Advice Wirral summarised the key issues it has identified through its work with clients in relation to those which are more vulnerable. These include:

- Completing an application
- Access – No email and/or no telephone
- Problems remembering the UC user account details
- Travelling to the Job Centre 2-3 times when no money is available
- Lack of understanding of how the advance payment works
- Monthly budgeting

Furthermore, the impact seen by Citizens Advice Wirral has been an increase in financial hardship (food poverty, fuel poverty and an increase in debts) and the deterioration of health through increased anxiety, stress and the impact on mental health and wellbeing. A typical example of the vulnerable clients Citizens Advice Wirral is supporting, and expecting to see more of as claimants are migrated over, is highlighted below:

#### **Case Study – Vulnerable Client**

- Client – Single female who has a learning disability
- Received Disability Living Allowance, low rate mobility. No other benefits in place
- No email
- Had rent arrears – Facing eviction as not claimed housing benefit since January 2016
- Would not be able to meet claimant commitments due to limited understanding
- Did not understand housing element of Universal Credit

Citizens Advice Wirral supported the client to –

- Make the Universal Credit claim (standard allowance and housing element). The client was unable to complete an online application
- Visit the jobcentre. It took 3 visits to make the claim, verify ID and meet the work coach
- Request an advance payment
- Help client understand that the advance payment of £517.75 included a housing element
- Request an advance payment
- Helped client understand the advance payment of £517.75 included a housing element

Wirral Council's One Stop Shops report the same issues highlighted by Citizens Advice Wirral. Across the broad remit of the services One Stop Shops provide, officers reported that there is a high footfall of residents with a number of challenges. These include drug and alcohol abuse and a high number of digitally challenged customers with many still unable to access services online, despite all the support that can be provided to them.

Citizen's Advice Wirral also has concerns with limited advocacy support as the Advocacy Hub in Wirral is focussed around the statutory health and social care. It was stated that a lack of advocacy support would result in a lack of aid for the most vulnerable i.e. no help at medical assessments for benefits to ensure their true situation is assessed and to ensure a wrong decision is not made. It was suggested that other advocacy support would be required to access the job centre and other services, such as housing solicitors.

A common theme identified by all stakeholders is that there is an expectation to see a higher proportion of vulnerable claimants when migration proceeds, and that there is a risk of some falling through the net.

The Feeding Birkenhead network, which is a coalition of churches, foodbanks, community groups and other organisations working to eliminate hunger, has reported that the complexity and confusion associated with applying for Universal Credit has been evidenced in its work and the impact, in particular, to the more vulnerable.

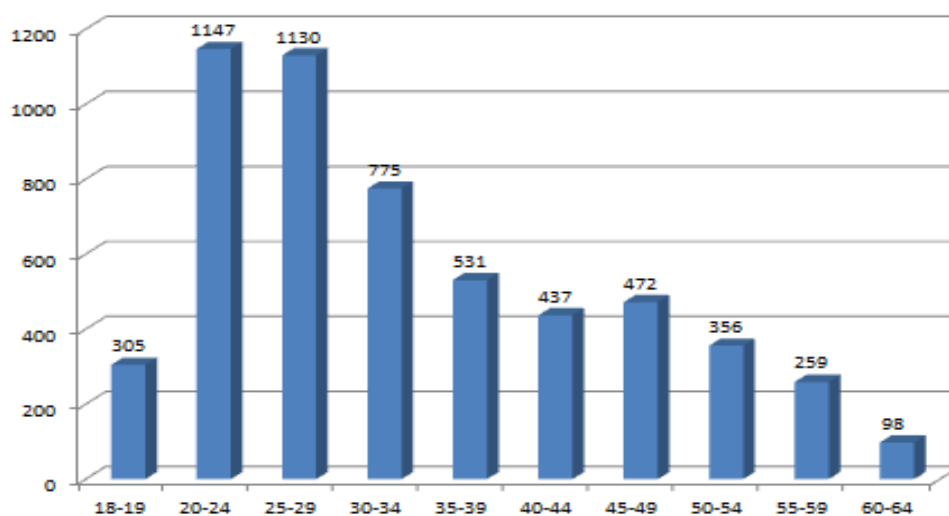
Members were informed that the DWP has responded to feedback on these issues and is now providing mental health training for work coaches and more support for young people. Wirral Council's frontline services, including One Stop Shops, will continue to evaluate the impacts of Universal Credit as more cases become live.

## The Digital Challenge

One of the aims of Universal Credit was to improve the efficiency of the process of claiming benefits using online technology. The roll-out of Universal Credit 'full service' requires claimants to log and manage claims online with an account created using an email address. This presents a challenge to manage a problem of 'digital exclusion' which, Members heard, are generally disadvantaging lower-income groups, older people and those with disabilities or learning difficulties.

As at December 2017, there were 5,511 Universal Credit live claims. The graph below (*Fig. 1*) highlights the demographics of all residents who are claiming Universal Credit.

(Fig. 1 - Universal Credit claimants by age Dec 2017)



The majority of Universal Credit claimants in Wirral fall into the 20-29 age bracket (2,277 claimants as at December 2017) but claimants in the older demographic are now making that transition over (713 claimants in the over 50 to 64 demographic). Members were informed that they now have to manage not only the digital aspect of Universal Credit, but also the prospect of signing up to a claim commitment and assessment regarding how much work searching they can feasibly do. Digital access also impacts the homeless population as is detailed later in the report. The requirement for Universal Credit applications to be managed online was raised as a concern by Members with the resources required to provide digital support.

Members were informed that all Wirral Council Libraries and One Stop Shops provide free access to computers for transactional services, such as Universal Credit, for a rolling two-hour period. It is also understood that an Assisted Digital work stream is in place to ensure a safety net is in place for residents seeking to access digital services. The first phase of this work began in December 2017 and focused on identifying the current 'assisted digital offer' from Wirral Council and benchmarking it against other similar authorities, as well as the Government Digital Service (GDS) design standards. It is understood that this will highlight any gaps in the current offer which will in turn lead to the development of a plan to address those gaps.

Wirral Council and the DWP set up a funded DWP local partnership agreement from July 2014. This is based on the national model and is an arrangement the DWP actively encourages local authorities to support. 'Assisted Digital' is one of the services provided within the agreement and enables One Stop Shops to provide face-to-face support for customers who require help and support with the Universal Credit on-line claim process including using assistance with setting up an email address, ID verification on-line and to create a Universal Credit account. ID verification appointments are supposed to be within three working days but it was reported that it currently stands at nine.

Members acknowledged a concern raised that with an online application now having to be made by claimants, mistakes and failure to properly manage this process can mean incorrect submissions, failed applications, sanctions and ultimately a delay in rent payments.

### **3.2 Housing and Homelessness**

Housing Benefit is now part of Universal Credit and helps pay for rent for residents on a low income or benefits. With the roll-out of Universal Credit, tenants will no longer receive Housing Benefit and will instead receive a rent element in their monthly Universal Credit payment which will be paid directly into their bank, building society or credit union account rather than having their rent paid for them. If a tenant doesn't have a bank, building society or credit union account, their payment can go into a Post Office card account or - in some circumstances - onto a Simple Payment card.

Wirral's Housing & Homelessness Division has responsibility for the Council's Statutory Homelessness Response, commissioning of supported housing services (e.g. homeless hostels, emergency accommodation etc.), liaising with private landlords (accreditation, selective licensing and enforcement action.)

The Council commissions 393 bed spaces for single homelessness in Wirral who may not be able to support tenancies individually. Some of these bed spaces are for families but are limited to teenage parents. Within these tenancies linked to Universal Credit, these bed spaces are classed as "specified accommodation" meaning that the Council's Housing Benefits team will still pay directly to the supported housing provider for the rent cost of that services. It is understood that there is some confusion due to the lack of understanding by the claimant as to whether they are liable for these rental payments.

One of the key emerging issues identified by Wirral's Housing & Homelessness Division and supported housing providers for homeless people, is the requirement to use IT to make a claim - which is leading to difficulties for some homeless people as discussed earlier in this report. The key issues identified from feedback are that:

- Not all homeless people have access to IT technology / email addresses.
- Older homeless people are likely to experience anxiety and confusion with the process.
- Services are spending increased time supporting people to make applications using IT.
- Proof of identification is needed to make a claim – many homeless people will not have any ID which leads to delays.
- Despite having applicant consent, hostel staff are experiencing difficulties in discussing applications with the DWP.



- Many homeless people present with complex behaviours (Substance misuse, mental health etc.) and experience difficulties in retaining information leading to difficulties in remembering log-in / account details.

Other feedback on emerging issues identified that the minimum 5/6 week processing time for new Universal Credit applications was leading to hardship, resulting in some service charge arrears but hostel providers are working to mitigate these and support those homeless clients that are struggling. It was also highlighted that placement in temporary accommodation triggers a migration from legacy benefits to Universal Credit for eligible clients and there have been cases where this has potentially resulted in a reduction in benefits. The case study below was presented at the workshop and highlights a typical example of this.

#### **Case Study – Homeless single parent aged 18 years old**

- Presented at Housing Options with 5 month old baby and attending college. She was sleeping on her sister's couch due to a relationship breakdown and receiving Income Support, Child Tax Credit and Child Benefit. A change of circumstances triggered a migration to Universal Credit, which upon application ceased her legacy benefits.
- Team sourced a Private rented property at her eligible Local Housing Allowance rate of £445.16. Citizens Advice Wirral worker completed an affordability and income maximisation exercise with client. Previous benefit entitlement was Income Support at £73.10 per week, equivalent to £317 per month. As client is aged under-25 years old, the standard allowance on Universal credit is £251 per month. Resultantly, client income has been reduced by £66 per month following migration to Universal Credit.

Other feedback provided by Wirral's Housing & Homelessness Division and supported housing providers is that there are some issues around the reluctance of private landlords in Wirral to rehouse any tenants in receipt of Universal Credit due to a lack of assurance that they will receive the rental payments, especially from those presenting with more complex needs. Members were informed that the DWP was looking at 'Alternate Payments Arrangements' similar to those established with Housing Associations where rental payments can be made direct to the providers.

Council officers reiterated that the full impact of Universal Credit has yet to be realised for the impact on housing related issues and that more data will be needed to form more informed conclusions.

#### Social Housing Sector

Magenta Living is Wirral's largest social housing provider and was also part of the DWP's Trusted Partner Pilot which was developed as a result of concerns raised by social landlords during the development of Universal Credit. The benefit of this is that rent no longer needs to be requested to be paid directly to landlords. Magenta Living can now simply authorise those rent payments it wishes to be paid directly instead of having to make requests to do this. As

part of the full roll out of Universal Credit, it was confirmed that Magenta Living would keep the ability to continue authorising payments.

As at February 2018, it was reported that:

- 833 tenants were claiming Universal Credit out of its 12,900 tenancies;
- Average tenant arrears has reduced from £197 to £178 following the Universal Credit Full Service;
- Rent collection is at 100.4%;
- 38% of tenants are on Alternative Payment Arrangements; and
- There has been an increase in workload but the overall number of tenants in arrears and level of arrears continues to decrease.

A number of early observations provided by Magenta Living did not convey the same message as other representatives at the workshop. In particular, it was reported that there was little evidence of tenants being unable to cope with the digital nature of Universal Credit and that tenants seemed to understand it and their obligations. However, it is noted that Magenta works with a cross section of claimants as other agencies work more closely with the claimants who are struggling for one reason or another.

Magenta Living also has Income Officers who have a high level of understanding of Universal Credit through improved links with the DWP nationally and locally; and are able to provide support and quality advice to its tenants. This includes help with their online claims and the setting up of email accounts. Under Full Service, DWP Work Coaches are in contact with Magenta Living's Income Officers to convey any concerns they have and to see if any help can be provided.

The Income Manager from Magenta Living informed Members that:

- The number of tenants claiming Universal Credit will increase to approximately 4,500 by 2021/22;
- New claims will increase from 24 per week to 40 per week and then higher again during the period while claimants are migrated to Universal Credit from existing benefits;
- There will be a higher proportion of vulnerable claimants when migration proceeds; and
- There are concerns with the capacity of both Magenta Living and the DWP to cope with major increases in workload.

### **3.3 Financial implications**

Officers and representatives at both workshop sessions discussed some of the emerging and potential financial impacts for residents with the roll-out of Universal Credit. These are summarised below.

#### **Waiting period and First Payment**

The early introduction of Universal Credit had an initial seven day waiting period before entitlement began but this was removed from 14<sup>th</sup> February 2018. However, payments for new claims are taking a minimum of five weeks due to the first monthly assessment period and the payment being made seven days after the end of the assessment period. There were concerns from both Members and third representatives at the workshops that this could cause hardship

for many claimants. Although anecdotal evidence was discussed around some particular cases of hardship for Wirral residents, it was too early to understand the full impact this has had without more quantitative and qualitative analysis over a longer period of time.

It is noted that advance payments of Universal Credit can be made by the DWP for new claimants who may struggle to meet essential expenditure. These are only granted when the DWP considers that the Universal Credit claim looks likely to result in an award and claimants can receive an advance of up to 100% of their overall entitlement (recoverable over twelve months). The Council's Local Welfare Assistance Scheme is therefore likely to be relied upon to provide immediate support to those suffering hardship during this time. Those entitled to the rent element of Universal Credit are also still entitled to apply for further assistance with their rent through the Discretionary Housing Payment scheme, which continues to be administered by the Council.

Citizens Advice Wirral reported that up to December 2017, only 52% of their clients took up advance payments. It was stated that Universal Credit claimants would have to choose between managing their expenditure through the initial waiting period until the first payment is made, or take the advance payment but have reduced future Universal Credit payments until repayments are made. Feedback provided from the Feeding Birkenhead Network highlighted a concern that even taking out a small percentage from their payments is leading to hardship. It is also aware of some instances where hardship is being exploited by loan sharks and doorstep lenders which may trigger a spiral of chronic debt.

Following the workshops, Housing Benefit 'run-on' was introduced from 11<sup>th</sup> April and anyone already receiving Housing Benefit who transfers onto Universal Credit will now receive an extra two weeks' pay to help with rent over the first Universal Credit assessment period.

Wirral Council and the DWP set up a funded DWP local partnership agreement from July 2014. This is based on the national model and is an arrangement the DWP actively encourages local authorities to support. 'Assisted Digital' is one of the services provided within the agreement and enables One Stop Shops to provide face-to-face support for customers who require help and support with the Universal Credit on-line claim process including using assistance with setting up an email address, ID verification on-line and to create a Universal Credit account. ID verification appointments are supposed to be within three working days but it was reported that it currently stands at nine.

#### Take up of Personal Budgeting Support

Personal Budgeting Support is another service provided as part of the Council's partnership agreement with the DWP. It supports claimants who need help managing their money and paying their bills on time as they transition onto Universal Credit. However, Members were informed that take up of these services is low and that better promotion, for example at the Job Centre sites, would be required moving forward. Citizens Advice Wirral reported that many claimants do not want to share information with workers at organisations who they may owe money to e.g. council tax arrears and often get people presenting to them who have not wanted to take up the personal budgeting support from the Council.

#### Fluctuations in Universal Credit payments

Universal Credit is reviewed monthly with the previous month's income used as the basis to determine the next award. However, this means that any changes in earnings will result in

fluctuations to Universal Credit amounts being paid, including housing costs. There are concerns that workers doing variable shift work, workers on zero hour contracts and people who are self-employed will have cash flow problems which may lead to instances of hardship. The Welfare Rights Team reported that some clients they have worked with are experiencing difficulty on Universal Credit due to changes to their benefit rate each month.

### Sanctions / deductions

Members heard that the rules about sanctions under Universal Credit may result in more people being sanctioned than the previous benefits system. All claimants in receipt of Universal Credit can be sanctioned with the level dependent on the conditionality group you are placed in and results in benefit being cut or reduced. Sanctions can be applied for a number of reasons, including failing to turn up for interviews or failing to turn up to work.

The Feeding Birkenhead Network informed members that the application of sanctions is one of the biggest issues it has been dealing with and cited an example of a client with severe disabilities who had an epileptic fit on the way to their Jobcentre appointment. The client was taken to hospital after they collapsed, but was then sanctioned for 106 weeks for failing to turn up to the appointment and continued to struggle on hardship payments.

There are also implications around deductions being applied to Universal Credit payments. Deductions could be made by the DWP for previous benefit and tax credits overpayments and certain third party debts such as council tax and rent arrears. Citizens Advice Wirral, in particular, is concerned that these deductions are not affordable as they can be up to 40% of the standard allowance. Under the legacy benefits, deductions of no more than £5 per week were made.

It was acknowledged that even though the full impact of Universal Credit has yet to be realised, it is anticipated that the number of sanctions applied may increase over time. However, It is also understood that the Job Centre Plus sites appear to be taking a realistic/sympathetic approach to claimant capabilities with claimant commitments not being overly onerous for those who have vulnerabilities.

### Lack of transitional arrangements

Representatives at the workshop highlighted the lack of transitional arrangements from moving over to Universal Credit from the legacy benefits. Previously, if a claimant moved from one benefit to another (e.g. Job Seekers Allowance to Income Support), there would be a gradual change in the benefit amount paid to the new value. Under Universal Credit, this does not exist and an observation from some representatives is that the severe cut in moving over to Universal Credit has impacted some claimants.

### Impact on disabled people

A disability premium is an extra amount automatically added to a claimant's Income Support or income-based Jobseeker's Allowance (JSA) if the claimant qualifies. It is understood that under Universal Credit, Severe Disability Premiums will no longer be made to those claimants who were previously in receipt of them and that this will result in a reduction in benefit of £62.45 per week. Enhanced Disability Premium has also been removed and it is reported that claimants would see a reduction in benefit of £69 per month. Support given by Severe Disability Premiums is now provided through Personal Independence Payments (PIP) - which can be

claimed by anyone - and social care from local authorities. The impact of this may result in additional financial hardship to those claimants affected by the changes.

### Free School Meals

Before the introduction of Universal Credit, children could receive free school meals if their family received any of a number of benefits, such as income support or jobseeker's allowance. From 2013, children in all families moving to Universal Credit have been eligible for free school meals but the government has introduced a new income threshold to replace this from April 2018. It has been suggested by Members that the impact of this new threshold will increase the number of children living in relative poverty in Wirral.

As Universal Credit is a monthly benefit, it is taking 5-6 weeks for applications to be determined. It is only at this point that an automatic check is made to identify if there is entitlement to Free School Meals, but it was explained to Members that the first six weeks is the period when claimants would need the most help. Wirral Council subsequently has made a decision to award Free School Meals where there was evidence that a claim had been made. There was an intention for this to continue into the new financial year but it was explained that Wirral Council is waiting for clarification on new criteria affecting working parents.

Wirral Council has been actively engaged in maximising take-up of Free School Meals with the Councils Press and Public Relations Team and it is positive that there has been an increase in take-up before the end of the financial year deadline. Members are conscious that the impact of the new threshold will need to be monitored.

### Council Tax Support

Council Tax Support is not included as part of Universal Credit and claimants are responsible for applying for it locally themselves. However, encouraging people to take up Council Tax Support has been challenging. Citizens Advice Wirral reported that some of its claimants are reporting a lack of support to access Council Tax Support separately and there is confusion as it is believed that it is part of Universal Credit (despite the DWP and Wirral Council's continual promotion). Officers acknowledged the ongoing challenge and will continue to deliver targeted Council Tax Support take up campaigns.

### Use of Foodbanks

Wirral Foodbank, which is part of the Trussell Trust, reported that 4% of its clients accessing the Foodbank are awaiting or are in receipt of Universal Credit. Nationally, in areas of Universal Credit Full Service that have been rolled out for six months or more, there has been a 30% average increase compared to the previous year with approximately 3,387 people requiring foodbank assistance and an additional 30 tonnes of food required. It was reported that Foodbanks are reporting extra pressure on food stocks and several have highlighted concerns about volunteers' time and emotional welfare. For Wirral, the true impact of Universal Credit on the use of foodbanks is yet to be realised but there is an expectation that there will be an increase over time.

It was explained that Wirral Foodbank took time to speak to those people who were referred to them to learn their circumstances and reasons for needing food, such as debt problems, to provide additional advice and guidance. In partnership with Citizens Advice Wirral, Wirral Foodbank has opened a service called Wirral Food Bank Plus. Funding for two years has been secured to have a Citizens Advice advisor based at the food bank

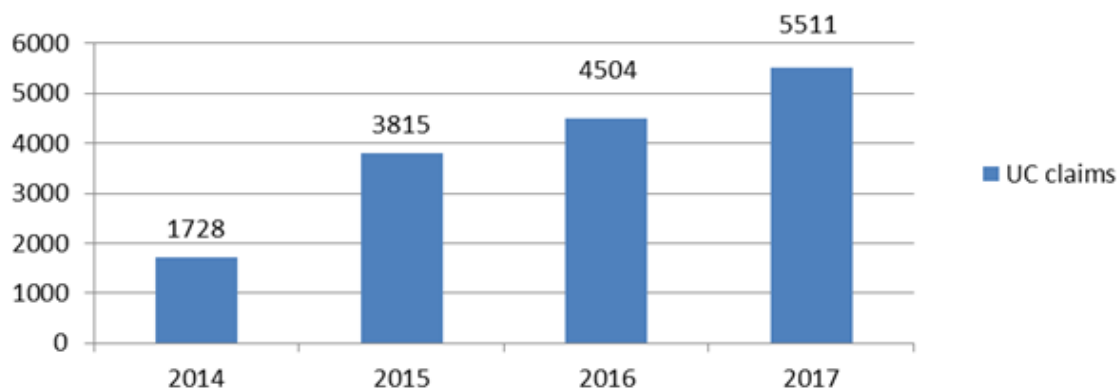
### 3.4 Impact of Universal Credit on Wirral Council

Senior Council officers highlighted the impact of Universal Credit Full Service for the Council and are summarised below.

#### Increased work volumes

The graph below (*fig. 2*) shows the increase in Universal Credit live claims since 2014 and it is expected that this number will spike with further increases over the next twelve months.

(Fig. 2 - Universal Credit claimants by age Dec 2017)



As a result of the increasing Universal Credit live claims; there has been a significant increase in transaction volumes for the Benefits Team for processing. These include ending Housing Benefit claims for new Universal Credit claimants to avoid overpayments being made and having to reclaim them directly from future Universal Credit payments. There is also a demand on recalculating Council Tax Support based on Universal Credit income and maximising its take to reach all claimants in Wirral. It was reported that Universal Credit now equates to 30% of all processes.

The impact has also been felt on an increase in customer contact via the One Stop Shops, Call Centre and email enquiries and there is an increase in the length of interviews which results in fewer appointments being made available. One Stop Shops reported that from April 2017 to November 2017, there were 25 instances of general support being provided relating to Universal Credit but this jumped to 515 for the period of November 2017 to February 2018. To support the Call Centre at busier times, calls are rerouted to the back office after two minutes. This was introduced in the summer of 2017 and it was reported as working well.

Members highlighted the impact that full migration may have for the Council and remained cautious on the ability of both the Council and DWP to ensure there is sustainability to maintain services and support. At the time of the workshops, the full timescale for full migration was unknown and there is some concern at how the DWP would manage the migration of cases from the legacy benefits to Universal Credit.

#### Council Tax Recovery

Officers reported that there has been no immediate increase in Council Tax recovery action since the roll out of Universal Credit. Wirral works with benchmarking groups consisting of 25 other local authorities and meets regularly. Feedback provided indicates that there is no overall impact that can be attributed solely to Universal Credit, but it is acknowledged that it is

possibly too early to analyse any trends. As previously highlighted, officers stressed the importance of promoting Council Tax Support to avoid recovery action being taken. If a claimant is summonsed, a liability order can be imposed by the court and direct deductions can be made from Universal Credit with a maximum amount of £3.85 per week. However, this also depends on a hierarchy of other deductions from Universal Credit as to whether it can be recovered. As at February 2018, it was reported that:

- There were 4557 current liability orders with direct deduction from all benefit types and this is likely to increase;
- 793 of these claim Universal Credit;
- 6926 more liability orders for all benefit types are queued for action;
- Monthly direct deduction collection has dropped from £58K in 2015/16 to £48K in 2017/18 (due to the DWP accepting other deductions and the significant wait to be informed by the DWP that a deductions can either be made or not); and
- Universal Credit has an impact on collection but is not the sole cause.

#### Partnership Working

Members were informed that, despite the challenge of the roll-out of Universal Credit, a major success has been the established partnership working with the DWP since 2014 which was not present before. The key successes have been:

- The clear understanding of the roles and responsibilities to Wirral's customers;
- Co-operation and support in maximising Council Tax Support and Free School Meals acknowledging that both aspects are important to not only the residents of Wirral but also for revenue;
- Named contacts in the DWP service centre for individual case resolution to prevent the impact on the vulnerable and urgent cases; and
- A clear route for more complex cases, such as specified accommodation issues.

#### **4) SUMMARY OF CONCLUSIONS**

The two Universal Credit scrutiny workshops gave Members an understanding of Universal Credit and the early impact it has had and may have following the implementation of Full Service. Each workshop gave Members an opportunity to ask further questions, comment on any particular issues of what was presented to them and to express any concerns moving forward. A summary of these is detailed below:

- 1) The requirement of applying and managing Universal Credit claims online remains a concern for those claimants who are IT illiterate and in particular, the challenge faced when the number of claimants who will be on Universal Credit substantially increases in the future.
- 2) The role of Wirral's libraries to provide free IT access for residents was acknowledged, but Members highlighted the uncertainty of the library service in the future and what these will be delivering.
- 3) As with the digital challenge, Members remained concerned for those more vulnerable in Wirral and the high level of support that will be needed to guide them through the process to ensure that nobody falls through the net.

- 4) Members welcomed the efforts to maximise Free School Meals in schools across Wirral through its promotional activities and the policy to make awards during the waiting period in the Universal Credit application process.
- 5) The relationship with the DWP locally was noted as a positive aspect but there was a concern that this may not be maintained going forward if the DWP undergoes any major changes.
- 6) Members were very appreciative of the work Council officers were doing as part of the roll-out of Universal Credit. However, there was a concern around the potential need for additional resources being required to maintain the administration and support for claimants with no additional budget being made available.
- 7) Although the purpose of sanctions was acknowledged, the impact of any reduction in disposable income from those who have been sanctioned and living under hardship was worrying.
- 8) Members welcomed the close working relationship that existed between all the representatives invited to the workshop, which provided a shared understanding of many of the identified and emerging issues of Universal Credit.

Members acknowledged that the roll-out of Universal Credit Full Service is still in its infancy and that the full impact of it has yet to be realised. Additionally, it was made clear that there may be other factors outside of Universal Credit which may contribute to a number of issues highlighted in the report. Members supported the view that further scrutiny workshops should be held in the new municipal year when the full impact of Universal Credit becomes clearer.

Following the scrutiny workshops, a number of representatives who were in attendance provided a list of 'asks' or issues which the Council could consider to help manage the roll-out of Universal Credit. These are detailed in **Appendix 2**.



## **Appendix 1**

### **Summary of Universal Credit Changes**

*As per a written statement from the Secretary of State for Work and Pensions on 7<sup>th</sup> June 2018, the following changes to Universal Credit have been made*

- Claimants in receipt of Severe Disability Premium will remain on legacy benefits until they move to Universal Credit as part of the managed migration plans, even if they experience a change in circumstances. At this point, they will qualify for transitional protection if their legacy entitlement is more than their Universal Credit payment. Retrospective protection to any cases that have already moved to Universal Credit will be considered.
- Incentives for parents to take up short-term or temporary work will be strengthened by making sure receipt of childcare costs does not erode transitional protection
- Short-term increase in earnings will not end transitional protection. This includes claimants whose pay cycles or wages temporarily lift them out of Universal Credit entitlement. The DWP state it is unfair that people should lose transitional protection, simply because they earn more. Therefore the claimant's transitional protection will be re-awarded if they make a new claim within 3 months of when they received the additional payment.
- Capital over £16,000 to be disregarded for claimants we move from tax credits to Universal Credit for twelve months. After this time, the normal rules will apply and it will be expected claimants with a high level of personal resources to fund themselves.

## Appendix 2

### Post-Scrutiny Workshop Feedback – Suggested Actions

The summary below details a number of suggested actions provided by the representatives of the third sector organisations in attendance at the scrutiny workshops for the Council to consider as Universal Credit is being rolled out.

#### Nationally - Asks of the Government

- Advanced loan to become a payment that claimants do not have to repay.
- Apply the same premiums that were provided in the legacy benefits - Severe disability premium (£62.45 per week), Enhanced Disability Premium (£15.90 per week) and the £65 per month for lone parents under the age of 25.
- If these premiums are not re-introduced; transitional arrangements should be put in place to help those claimants budget for the lower income over a longer period of time.
- The amount that can be taken from the claimant e.g. paying back previous overpayments or fines to be capped at a maximum of £5 per week, not 20% of the standard allowance.

#### DWP locally

- Increase the number of appointments available for ID checks (there is currently a 9 day wait).
- For vulnerable clients - longer appointments to support them to do the ID checks, make the claim, and meet their Work Coach. This would reduce the number of times claimants would have to travel to the jobcentre to make a claim.

#### Council

- Holistic, targeted support put in place for very vulnerable adults who do not have the capacity to navigate the complex system themselves e.g. refugees, people with mental health problems, people with learning disabilities etc.
- Advocacy support needs to be provided to support people at medical assessments for benefits to ensure their true situation is assessed, and the wrong decision is not made.
- Building the councils Welfare Rights capacity given that the number of new UC cases will dramatically increase over the next 18 months.
- Wirral reviews its delivery of Personal Budgeting Support (PBS) to encourage take up of the service. It is possible that the way it is being delivered is dissuading claimants to take up the service. Consideration should be given to determine whether Wirral is securing best value from the £150,000 per year funding supplied by the DWP for the service.
- Support for vulnerable claimants should be increased. When they are identified by the DWP, the referral for personal budgeting support or ICT support should ideally result in a proactive approach from Wirral. When someone who contacts the claimant by phone to discuss their issues, the appropriate support should be arranged in a timely manner.
- Wirral Council should review their current practice of only granting Discretionary Housing Payments to UC claimants for 3 months.

- To avoid duplication and to ensure the claimant is provided with the best level of support, the Council should liaise with social landlords. Links are developing between Magenta and the DWP locally but there is nothing similar developing between Magenta and those in the Council providing personal budgeting support.