

## **Committee: Children and Young People Overview and Scrutiny Panel**

**Date: 13 February 2019**

Wards: All

## **Subject: Impact of Universal Credit on Merton Residents**

Lead officer: Caroline Holland

Lead member: Councillor Kelly Braund

Contact officer: David Keppler

### **Recommendations:**

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1. For Healthier Communities and Older People Overview and Scrutiny Panel to note the contents of the report and advise of any further information required
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To provide Children and Young People Overview and Scrutiny Panel an update on the roll out of Universal Credit in Merton and the potential number of residents affected by Universal Credit.
- 1.2. The Panel needs to note how Universal Credit works in Merton and how the roll out is progressing so that it can help identify the effect Universal Credit may have on children in households that claim Universal Credit or on the older cohort who might be claimants.

## **2 DETAILS**

- 2.1. Universal Credit is a Department of Work and Pension (DWP) administered benefit. The local authority do not administer this benefit and are reliant on the DWP and local Job Centres for information and statistics relating to the benefit.
- 2.2. The implementation of Universal Credit was always planned to be a phased and controlled roll out that only affected new claims to the benefits that were replaced by Universal Credit. The initial phase was for single claimants only, then families and households and then at a later stage the transfer of all other claimants that had not transitioned to Universal Credit.
- 2.3. Universal Credit is only for working age claimants and pensioners are not affected by the change.
- 2.4. Universal Credit has to be claimed on line and every claimant requires an on line account.
- 2.5. Initially Universal Credit was to be paid direct to the claimant including the rent element of Universal Credit. Early pilots saw increase in rent arrears and alternative measures were put in place so that the rent element could be paid direct to the landlord.
- 2.6. Universal Credit was implemented across Merton for single claimants only in January 2016. These claimants had no rent liability and were classified as the simplest types of claims to move on to Universal Credit.

- 2.7. In November 2015 Sutton Council commenced a pilot with the Sutton Job Centre for Universal Credit full service which was for families and household with children and included the rent element which meant that these claimants would cease claiming assistance for their rent from housing benefit.
- 2.8. This pilot was rolled out slowly with selected post codes only and a very small number of claims and with daily communication between the council, Job Centre and DWP.
- 2.9. In February 2016 the pilot was extended to all post codes covered by the Sutton Job Centre. Without anyone from the Job Centre or DWP advising the council this pilot affected all Merton residents living in SM4.
- 2.10. In effect all residents in SM4 making a new claim had to claim Universal Credit from February 2016 and could no longer claim housing benefit for assistance with their rent.
- 2.11. Initially there was a lot of confusion for Merton residents who thought that they had a choice whether to claim Universal Credit or housing benefit and we had many residents tell us that they did not want to claim Universal Credit.
- 2.12. We saw examples of where claimants had to wait 9 to 10 weeks for their Universal Credit to be paid.
- 2.13. Universal Credit was not paid for the first week of the claim, so in effect the claimant would not receive any help with their rent for the first week whereas under the housing benefit regulations assistance with the rent is paid from the following Monday from when the claim was made or in the first week of a new tenancy the Monday of that week.
- 2.14. This rule was changed and from 13 February 2018 Universal Credit has been payable from day one of the claim rectifying the issue of claimants not being paid for the first week of a claim. This change also results in the average payment being made after 5 weeks reduced from 6 weeks
- 2.15. The council were required to put in place a Universal Credit Support Framework to help and assist residents claim Universal Credit, maintain their on line account and help with budgetary management.
- 2.16. A multi agency approach was adopted for this framework with support being provided to residents by individual council support workers, the council's welfare benefits team, Libraries staff and the CAB.
- 2.17. Access to computers and assistance with on line applications was available at Merton Libraries
- 2.18. The CAB provided a budgetary advice service on a referral basis.
- 2.19. Individual council officers and the welfare benefits team help residents with claiming Universal Credit and maintaining their claims.
- 2.20. The DWP provide the council with funding based on the number of residents assisted.
- 2.21. In addition to this the council can pay Discretionary Housing Payments to claimants in receipt of Universal Credit. This payments help claimants who

have financial difficulties such as they are affected by the benefit cap, the under occupation charge (bedroom tax). To qualify the claimant has to be in receipt of Universal Credit.

- 2.22. From 1 April 2018 every claimant in receipt of housing benefit who moves onto Universal Credit will be entitled to have their rent paid for two weeks during the wait for their first payment; that payment is always non recoverable (even if the claimant is later not entitled to Universal Credit).
- 2.23. On 6 December 2017 Mitcham Job Centre went live with full service and claims for families and households and includes assistance with their rent.
- 2.24. Throughout the summer of 2018 the remainder of Job Centres that cover Merton addresses went live with Universal Credit and by October 2018 all post codes in Merton had been converted to Universal Credit.
- 2.25. As at the end of December 2018 the following information has been provided by the Mitcham and Kingston Job Centres regarding the number of Merton residents in receipt of Universal Credit.

<b>Post Code</b>	<b>Number of residents on universal credit</b>
SW20	396
CR4	2,842
SM4	1,869
SW19	316
<b>Total</b>	<b>5,423</b>

- 2.26. The Job Centres have been unable to provide a profile of the households as requested for this report.
- 2.27. Merton residents that make a new claim of DWP benefit or have significant change of circumstances will be assessed for Universal Credit, so the numbers will continue to increase.
- 2.28. At some stage the DWP will then transfer the remainder of residents in receipt of a DWP benefit over to Universal Credit. The latest information is that this will commence in 2021 and conclude in 2023. There is no indication yet where Merton residents will be transferred.  
As at December 2018 there are 11,124 Merton residents or households in receipt of housing benefit. Of these 7,333 are of working age and could potentially transfer to Universal Credit.
- 2.29. However, there are some types of circumstances for working age claimants where they will not be transferred to Universal Credit for help with the rent but they will continue to claim housing benefit. These types of claims are:
  - Where the property is classified as supportive exempt accommodation, this is where the claimant receives counselling and support from the landlord or from an external provider arranged by the landlord

- Where the claimant has more than two children in the household, these claims were initially assessed for Universal Credit but from April 2017 they had to claim housing benefit. However, this is changing from 1 February 2019 and claims will in future be for Universal Credit.
  - Claimants in temporary accommodation will have to claim their housing costs through housing benefit.
- 2.30. Due to these three exceptions it is not possible to give an accurate estimate of how many Merton residents or households will eventually transfer to Universal Credit.
- 2.31. The Kingston Job Centre have provided the information in the table below:

<b>Named Benefit</b>	<b>Total</b>
Universal Credit	316
ESA	573
Jobseekers Allowance	254
Income Support	187
Total number of Merton residents (sw19) at Kingston JCP	1330

- 2.32. This would give a potential maximum of the number of residents or households that could eventually transfer to Universal Credit within the area administered by Kingston Job Centre. However, as mentioned above due to the exceptions some will not transfer.
- 2.33. The emergency payment has to be paid back but the claimant has 12 months to repay this.

### **3 ALTERNATIVE OPTIONS**

- 3.1. None for the purpose of this report

### **4 CONSULTATION UNDERTAKEN OR PROPOSED**

- 4.1. None for the purpose of this report

### **5 TIMETABLE**

- 5.1. The timeframe for the transfer of all remaining cases from housing benefit to Universal Credit is unknown but the DWP have indicated it will take place between 2021 and 2023.

### **6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 6.1. None for the purpose of this report

### **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. None for the purpose of this report

- 8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**
- 8.1. None for the purpose of this report
- 9 CRIME AND DISORDER IMPLICATIONS**
- 9.1. None for the purpose of this report
- 10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**
- 10.1. None for the purpose of this report
- 11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**
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- 12 BACKGROUND PAPERS**
- 12.1.

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