

## **Committee: Overview and Scrutiny Commission**

**Date: 22 January 2020**

Wards: All

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

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

Contact officer: David Keppler, Head of Revenues and Benefits

### **Recommendations:**

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1. For the Overview and Scrutiny Commission to discuss and comment on the report and advise of any further information required
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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1. To provide Overview and Scrutiny Commission with an update on the roll out of Universal Credit in Merton, numbers of claimants, enquiries dealt with by the CAB and the potential number of residents affected by Universal Credit.

## **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. Arrangements for emergency payments were also changed, where claimants could apply and receive an emergency payment within three days and in some instances on the same day. Emergency payments have to be repaid from on-going entitlement to Universal Credit. Claimants have up to 12 months to repay.
- 2.16. 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.
- 2.17. 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.
- 2.18. Access to computers and assistance with on line applications was available at Merton Libraries
- 2.19. The CAB provided a budgetary advice service on a referral basis.
- 2.20. From April 2019 the DWP removed this responsibility from all council's and entered into an arrangement with CAB offices to deliver this.
- 2.21. Individual council officers and the welfare benefits team help residents with claiming Universal Credit and maintaining their claims.

- 2.22. The council can pay Discretionary Housing Payments to claimants in receipt of Universal Credit. These 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.
- 2.23. For the period 1 April 2019 to 23 October 2019 £107,000 has been paid to residents in receipt of Universal Credit. These payments are to help where they are affected by the benefit cap, under occupation rules or other financial difficulties through welfare reform. We have already committed to paying an additional £86,000 and deal with applications on a weekly basis.
- 2.24. 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).
- 2.25. On 6 December 2017 Mitcham Job Centre went live with full service and claims for families and households and includes support with their rent.
- 2.26. 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.
- 2.27. The information below has been provided as an update from the Job Centre as at the 5 September 2019:

- An update on the number of Merton residents in receipt of UC

*5,245 claiming UC (does not include SM4 which has 1,953 looked after by Sutton) So published data is in excess of 7,000 claims.*

- Approximately how many new claims you receive every week or month

*260 – 270 per month. Not all of these applications will proceed to become live claims, but the majority do.*

- Any issues we should be aware of for Merton residents regarding UC or claiming UC

*We are currently warning claimants against scammers who are telling people they can get a “free loan” from UC by claiming an advance. They persuade citizens to hand over personal details and then fraudulently claim in their name and land them with the debt. We have a media campaign warning people not to hand over their details and are working with CAB and others to warn people against this.*

- Any update on the continued roll out and migration of HB claimants to UC

*As planned, the testing of moving legacy claimants to Universal Credit will take place in Harrogate and begin in July 2019. The goal of the pilot is to learn as much as possible and to increase numbers as slowly and gradually as necessary. Testing the system and our processes will allow us to make sure we can provide the best possible service to those claimants who will*

*need to move to Universal Credit from their legacy claim as planned, by the end of 2023.*

- Anything else you think would be useful

*We are working in close partnership with Citizens Advice to deliver Help to Claim – a service to support customers from making a claim to Universal Credit to their first payment. We are very proud of the success of supporting our younger customers and we deliver our “Youth Obligation” to 18-21’s which involves a series of interventions targeting at ensuring they engage in employment, training, apprenticeships or traineeships.*

- 2.28. The CAB have seen a substantial increase in the volume of Merton residents making contact to seek help with Universal Credit. For the period October 2018 to September 2019 they had 2,484 enquiries (see appendix 1) the data shows an increase in enquiries in recent months.
- 2.29. The CAB are finding that clients that do not use or have access to computers are those who struggle most with putting in an online Universal Credit claim. Fairly often the CAB are helping clients to set up email accounts as part of the process. In addition, clients often struggle to get all their paperwork together, particularly for housing costs. Couple claims also tend to take longer.
- 2.30. In April 2018, Trussell Trust (Foodbank) released their end of year figures stating that as a whole the Trust had seen an increase demand for their services of 19% on the previous year. Wimbledon saw a local increase of 40% on the previous year. They issued a total of 2411 food parcels feeding a total of 5899 people for 3 days.
- 2.31. Out of 2411 vouchers 1271 stated that a big part of their financial crisis is being on a low income, 358 stated that part of their financial crisis was caused by benefit changes while 342 stated benefit delays. Verbally many of their clients stated universal credit as being a big problem where changes to their benefits were almost certainly followed by benefit delays as well as reductions in benefit entitlement creating budgeting problems which then led to increased debt. Many of the clients that reported homelessness (80 officially) stated verbally that universal credits were partly responsible for their homelessness. Parents have reported that reductions in universal credits has caused significant anxiety and distress many of whom report that they had have had referrals done to mental health/social services.
- 2.32. The Housing Needs service has commented on the above as follows: - although 80 clients have told them that in part universal credit contributed to their homelessness and this may be correct, but it could only be confirmed by looking at each case individually and understanding the events that took place that lead up to a homelessness episode.
- 2.33. The Housing Needs service also confirmed that the end of Assured Short hold Tenancies continue to be the biggest cause of homelessness in London and in Merton and that generally and these occur for a range of reasons including:  
Landlord want to sell the property

Landlord wants to re occupy the dwelling

Rent arrears/ anti-social behaviour

Restrictions to benefit rates such as the Benefit cap and the landlord can easily find tenants who can pay a market level rent

- 2.34. 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.
- 2.35. 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.
- 2.36. As at 30 September 2019 there are 8,662 Merton residents or households in receipt of housing benefit. The number in receipt of housing benefit as at December 2017 (when Mitcham Job Centre went live) was 11,335. A reduction of 23.6%. Of these 5,895 are of working age and could potentially transfer to Universal Credit.
- 2.37. 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.
- 2.38. 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.

### **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**

- Appendix 1 – Breakdown of CAB enquiries relating to Universal Credit

**12 BACKGROUND PAPERS**

12.1.