
REPORT FOR: CABINET

Date of Meeting:	15 October
Subject:	Universal Credit (UC), Delivery of Front End Services and authorisation to enter into Delivery Partnership Agreement
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources and Commercial
Portfolio Holder:	Councillor Sachin Shah, Portfolio for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	DWP / Harrow Delivery Partnership Agreement – Appendix 1

Section 1 – Summary and Recommendations

Recommendations:

Cabinet is requested to make the following decision:

1. Note that the roll out of Universal Credit (UC) is scheduled to commence in Harrow during October 2015.
2. To authorise the Corporate Director of Resources & Commercial to negotiate and finalise the DPA and agree reimbursement costs with the DWP.
3. To approve that a Harrow Council bespoke Delivery Partnership

Agreement (DPA) running from October 2015 to 31st March 2016 is entered into with the Department of Work and Pensions (DWP) to deliver a number of ancillary services relating to the roll-out of UC, as detailed within the report.

4. To delegate authority to the Corporate Director of Resources & Commercial, following consultation with the Portfolio Holder for Finance and Major Contracts, to enter into future similar arrangements for UC post 31/3/2016 subject to negotiation of appropriate funding.

Reason: (For recommendations)

To assist the DWP with the roll out of UC and to support residents in the claim process.

Section 2 – Report

Introductory paragraph

- 2.1 UC is a major part of the Government's welfare reform programme and has been piloted in a number of authorities and is scheduled to roll out for new Job Seekers Allowance (JSA) claimants in Harrow between October and November 2015.

UC is the new DWP benefit which replaces a range of existing benefits:

- Income-based Jobseekers Allowance
- Income-based Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

- 2.2 In the first phase of roll out for Harrow, only single adult jobseekers will claim UC. For those claiming UC there will be significant changes in the way they claim benefit which will be on-line and the way they are paid which will be monthly in arrears, to cover all costs including rent.
- 2.3 There are implications for Council including in terms of changes to Housing Benefit (HB) and Council Tax Support and the services that DWP commissions to support the roll-out of UC. This report provides information on UC, the preparation that officers have been doing to anticipate its implementation, and the support that the Council may need to provide to the DWP (above its statutory duties) if Harrow chooses to agree and sign the attached DPA.

Universal Credit

- 2.4 UC is designed to make work pay so that people are better off in work and brings together both in-work benefit and out of work benefit. UC should enable people to move in and out of work more smoothly and reduce disincentives to work. There will be access to Real Time Earnings HMRC data by DWP staff to enable claimants receive the correct level of financial support as their earnings change and this is also designed to increase efficiency in processing and handling claims.
- 2.5 UC is the implementation of a single benefit to replace six existing working age benefits. It is intended to simplify an increasingly complex benefit system with one single monthly payment made to the claimant, with an increased focus on work incentives.
- 2.6 Government expectations are the majority of claimants will make their claim on line and will be paid monthly in arrears, reflecting the way that the majority of working people are paid. Most claimants will be expected to budget for and cover their outgoings including housing costs. This will be a big change for social housing tenants in Harrow as currently the majority of social housing tenants in the borough have their Housing Benefit paid directly to their Landlords.
- 2.7 UC is underpinned by a new Claimant Commitment, which is also being deployed nationwide for all Jobseekers. Claimants will see a shift in the service they receive from Jobcentre Plus advisors from simply checking their circumstances to coaching them to achieve the best employment outcomes. UC claimants will be expected to demonstrate that they are spending more of their time looking for jobs or increasing their earnings if already working.
- 2.8 It is recognised that the transition onto UC will be harder for some claimants than others, and there is a need for varying levels of support. In February 2013 the DWP published the Local Support Services Framework (LSSF), rebranded in 2014 as Universal Services – Delivered Locally. This framework identified the support that DWP state people would need to make the transition on to UC and acknowledged that there would be a role for delivery partners such as the local authority.

Delivery Partnership Agreement (DPA)

- 2.9 To formalise and recompense the Council for its role in supporting the DWP with the managed initial migration of claimants onto UC for the period to 31/3/2016, a localised version of the national framework agreement has been negotiated. The interim DPA agreement, as issued by DWP is attached as Appendix 1.
- 2.10 The DPA is voluntary and sets the agreed framework under which the Council is willing to participate in the delivery of UC, the local authority having no statutory duty to provide any services except to assist the DWP regarding the more complex housing cost assessments within the UC calculation.

- 2.11 It is therefore a viable position for the Council to decline to take on any role under the DPA, although Cabinet should note that additional demand on services will be created whether the local authority signs the DPA or not.
- 2.12 The role required of the Council under the interim agreement is to support the more vulnerable UC claimants who may not otherwise be able to manage the transition independently. The key elements focus on online support and advice. In addition DWP may require local authorities to support their UC delivery centres both in the closing down of Housing Benefit claims and in regard to more complex housing cost assessments within the UC calculation.
- 2.13 Specifically, the service provision the Council is expected to deliver is described as follows:
- i. Provide support to the DWP UC Service Centre staff around housing costs in relation to universal credit that may arise
 - ii. Support for claimants to get on-line and stay on-line
 - iii. Manual processing for Local Council Tax Support Scheme
 - iv. Support for claimants with complex needs and sign posting those requiring personal budgeting support to the DWP
 - v. Work with Universal Credit Programme in preparing landlords
 - vi. Provision of Management Information
- 2.14 The introduction of UC will create additional administration for the Council. The DWP has very limited knowledge of housing and tenancy matters and needs the support from the Council's benefits staff. This has been recognised by the DWP and funding is being made available. The DPA details the funding offer to the Council to deliver these services.
- 2.15 Longer term and post migration, the Council will retain responsibility for administering HB for a proportion of cases. This is yet to be defined but is expected to include pensioners and more complex working age claims.
- 2.16 The DWP acknowledge that there will be additional costs to the local authority to adjust Council Tax Support claims at the point that UC is claimed, and to assist the DWP in raising awareness amongst landlords and ensuring they are in a position to support tenants in their UC claim; the level of support to private landlords is currently very limited.
- 2.17 UC may also potentially bring increased demand on other Council services due to financial and social impacts of UC and the loss of income, for example from council rents as payments are no longer made directly to the rent account. The DPA does not reference these costs nor offer funding to assist the local authority in managing these impacts.

Harrow's approach and preparations

- 2.18 In advance of full roll-out, DWP negotiates individual Universal Credit Delivery Partnership Agreements (DPA) with each local authority. As part of this process, the DWP has agreed with the Council a bespoke localised DPA agreement setting out the support that will be delivered in Harrow during the initial implementation period to March 2016. Advice has previously been sought from the Council's legal section who advised that entering into a DPA is a key decision.
- 2.19 The forecasted numbers during the initial period are low. In light of this, it is proposed that for the initial pilot period, the work is retained within the Council, using the Benefits Service and Support from Access Harrow.
- 2.20 The Council has an established approach to providing on-line access and support specifically for on-line applications through the on-line Housing Benefit application and Welfare provision Scheme. It is proposed that this approach is continued with on-line access and support at the Civic Centre where Access Harrow already have established on-line access and staff to support users. Residents will also be able to use online facilities and support provided by the DWP.
- 2.21 The DWP emphasis is on enablement and self-service rather than a claim completion service; this will be replicated in the Council provision by supporting residents to self-serve rather than doing it for them. Clearly some residents will need full support when completing their UC claim but the DWP do not anticipate such a need in the initial cohort of single unemployed people. There is a risk that people may not seek the support they need and that this may lead to delays in claims being made and payments being received. However, this is unlikely with the initial cohort.
- 2.22 For the first phase information with links to more detailed information will be sent via low cost channels such as "My Harrow" accounts, Housing Associations, Private Land Lords, registered providers and voluntary organisations, This will be followed up by:
- An information leaflet containing a list of digital access points around the.
 - A dedicated UC web page on the Harrow website and Harrow Advising Together (HAT) website.
 - An update of the linked benefit pages on the Harrow website that will be amended in the light of UC.

Alternative Options

- 2.23 Whilst the Council does not have a statutory duty to provide any services under the DPA and assistance to the DWP in introducing UC in Harrow, by taking such a stance this would place some of our residents in difficulty facing financial hardship with a subsequent additional impact on other services provided by the Council such as homelessness.

Risks

2.24 DWP has provided forecast volumes for the number of UC claims and services to be delivered under the DPA as shown in the table below. As volumes are initially expected to be very low with the first cohort requiring limited additional support, there are minimal risks in relation to the DPA.

Services	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Claims	0	162	131	190	193	218	190	1084
on-line supported access (5% of claims)	0	8	7	10	10	11	10	54
LCTRS (20% of claims)	0	32	0	0	0	0	0	32
Support for UC Service Centre (20% of claims)	0	32	26	38	39	44	38	217

2.25 Should the Council decide not to sign the DPA at this stage and deliver the services detailed above, residents will be impacted should they be unable to access required support and ultimately risk placing greater demand on other Council services such as homelessness.

2.26 Furthermore should the Council decline to sign the DPA, it is not known what solution the DWP will seek to deliver.

2.27 It should be recognised however that by agreeing to the DPA, that residents and stakeholders will associate the Council with UC. Should the funding offer under Universal Services – Delivered Locally make it unviable for the Council to continue to deliver any UC services, it may prove difficult to disassociate the organisation from UC. In addition the Council will have no influence over the assessment of UC and there is a risk of negative PR association.

2.28 Wider Corporate Risks

a) Resourcing back office support to Universal Credit Benefit Delivery Centres – DWP require local authority Housing Benefit offices to support the delivery centres in the assessment of more complex housing costs under UC. The current funding offer is not deemed to be sufficient to cover this cost given the lack of knowledge and experience DWP has in assessment of housing costs.

b) Access Harrow

The One Stop Shop has recently been refurbished increasing the number of self-serve PCs available for customers to access digital services themselves with floor-walking support. Increased demand for UC will be handled in a similar way with claimants being directed to the self service area. If the new process drives an increase in demand for

financial advice then additional staffing and potentially extra facilities will be required.

The queuing system within the One Stop Shop will need to be reconfigured to account for any new services available face to face. This will include work to be scheduled in re-coding the website calendar pages to reflect the changes, as well as changing telephony to cater for the additional services.

- c) Council Tax Support – the Council will need to know the level of UC entitlement to calculate Council Tax Support. DWP has stated that this will not be available until the claim is put in to payment at least 30 days after the date of entitlement. Local authorities will not at this stage be able to access this information online in the way they do currently with existing DWP benefits, hence increasing administration costs and delaying assessment of Council Tax Support. There is also a risk of under claiming of Council Tax Support as it will sit outside of the Universal Credit system. Claimants currently apply for Council Tax Support at the point they claim Housing Benefit. It is anticipated that many will not understand that they have not made an application for all means tested benefits at the point they submit a claim for Universal Credit and could therefore not receive Council Tax Support they would be entitled to. This will also impact on Council Tax collection rates.
- d) Discretionary Housing Payment (DHP) – In 2015/16 the Council has seen a 40% reduction to its DHP fund which was already insufficient to meet demand in the borough. There is no new DHP element to support residents transitioning on to UC. The roll out of UC is expected to see a further increase on the DHP fund due to additional sanctions, longer waiting days and an inability to manage financial affairs when housing costs are paid directly to the tenant. DHP will continue to be administered by the Council and the funding gap will create financial pressures both on residents and other services in the Council such as Housing Need.
- e) Emergency Relief Scheme - The Emergency Relief Scheme is expected to see an increase in demand when UC rolls out due to residents finding it difficult to manage their finances once they receive all of their benefits in a single monthly payment. As they move toward the end of their payment period and have spent all their entire award, they will turn to discretionary funds such as Emergency Relief for emergency assistance. This will be further exacerbated by the additional sanctions introduced in the UC scheme and seven (7) waiting days at the start of the claim.
- f) Council Tax- As council tax payers who claim UC may find it difficult to manage their finances, there is a risk to council tax collection. Many social sector tenants will be receiving their housing costs element for the first time and learning to budget the different bills they need to pay from their UC. As such they could find they do not have sufficient funds remaining to pay their monthly council tax charge. This will be exacerbated if households under claim due to confusion around how to apply for Council Tax Support outside of UC. Additionally, the delay to Council Tax Support assessments will result in uncertainty of how

much council tax liable parties owe as the Council will not have access to UC details for a month after entitlement begins. This will further hinder the recovery process impacting on the Council's income.

- g) Resident Services The initial feedback and findings from projects around the country show a harrowing prospect in store for rent collection rates and arrears levels. A report into the Direct Payment Demonstration Projects showed that rent arrears had risen by an average of 33% during the migration to the new benefit system. In pilot areas the total support associated with supporting customers rose from £14.61 per case per month for those outside the pilot to £60.51 per case per month for those taking part. The vast majority of the large cost increase was related to staff time. Landlord transaction costs and rent collection costs will increase as may the resource required to manage direct payment. Tenants will require help to manage the transition and sign posting to support voluntary agencies may increase as may the foot fall to the one stop shop. Tenants will also need access to on line facilities to complete the UC form.
- h) Housing Needs/provision From a Housing Needs point of view there are a number of serious challenges as UC is rolled out.

As in most cases rent element of UC will be paid to the tenant, private landlords are going to be less willing to work with benefit dependent households. This won't necessarily be a practical issue straight away as only a few single people will be on UC, but it is not clear at what point private landlord sentiment will change, and this reluctance to accommodate benefit dependant households may become significant. When it does, this may well cause a rise in homelessness as families find it difficult to obtain their own accommodation, and more homeless households will remain in short term expensive temporary accommodation as it becomes harder to procure suitable accommodation to move families on.

When the largest families who are currently affected by the overall household benefit cap set at £500 migrate onto UC, they will see their income drop. Currently the cap operates only by reducing HB, so many large families get no HB but their other benefits still exceed £500. Under UC they will only receive £500 per week (or less if the cap is reduced, which is a Government proposal). So to prevent homelessness, larger top ups from DHP or Housing Needs' resources will be required to prevent homelessness. It will also make it more difficult to find accommodation in other areas that capped households can afford without on-going subsidy.

The pilot studies showed increased rent arrears when the rent element of UC is paid to the tenant, rather than the landlord. We expect that to happen in our temporary accommodation with significant increase in arrears which will generally be irrecoverable (And enforcement leading to us ending our homelessness duty would still incur costs to the Council as most families would then need support from Children's Services). We also expect to see a rise in evictions from the Private Rented Sector due to rent arrears.

The tight conditionality requirements under UC may well cause a rise in sanctions, so families will struggle to pay their rent, again leading to homelessness.

UC will impact the subsidy arrangements for our temporary accommodation. At present we are able to use that accommodation (with subsidy) to prevent homelessness without taking on the full homelessness duty, under UC we won't get the subsidy in that situation. The size criteria also becomes 'less generous' so will reduce the accommodation we can use. Overall the subsidy we receive is likely to drop.

i) Voluntary Sector

Voluntary Sector organisations are likely to have limited capacity to scale up due to general reductions in voluntary sector funding. It is therefore unlikely that such organisations will be in a position to support the DWP regarding UC delivery, especially when the DWP is offering so little funding.

However, if the Voluntary Sector was to be commissioned by the DWP there is still likely to be a time lag between UC being implemented and the Voluntary Sector having enough capacity to be a credible player in supporting UC delivery.

Conclusion / Recommendation

2.29 Officers from the Council have been working with DWP to understand the numbers and flow for the first phase and agreeing how the Council can best meet DWP requirements and support residents who will be affected. The focus for this first phase of the roll-out has been on ensuring that the support systems are in place by mid-October 2015. Lessons learned will be used to support residents affected by the full roll-out.

2.30 Whilst it is recommended that the Council signs up to the interim DPA, risks have been identified which will be monitored post implementation and fed into any future decision making process in respect to the Council's role in UC service delivery.

2.31 National Timetable

Pathfinders commence in North-West. Started with new claims from single people who would otherwise have claimed Job Seekers Allowance and expanded to couples and now families. Housing costs introduced in 2014.	April 2013
Pathfinder sites in areas outside of North-West including Hammersmith & Fulham following same cohort rollout as above	Oct 2013
Demonstration projects – various national	2013 - 2014
National rollout acceleration announced to commence with new claims for single people who would otherwise have claimed Job Seekers Allowance including housing costs	Oct 2014
National Rollout Tranche 1 including 6 London Boroughs	Feb – Apr 2015
National Rollout Tranche 2	May – July 2015

National Rollout Tranche 3 – including Harrow in October 2015	Sep – Nov 2015
National Rollout Tranche 4	Dec 2015 – Apr 2016
Migration of legacy benefits begins	2016
End of new claims to existing benefits	End 2017
Employment Support Allowance claims to be incorporated later in the rollout plan	Unknown
Universal Credit implementation complete	2020

Legal Implications

- 2.32 Various specific powers contained in statute and general powers to act for the good of their area enable local authorities to enter into contracts or other agreements with a third party.
- 2.33 The DPA describes the commitments to be made by both the DWP and the Council in relation to the delivery of UC support including funding arrangements, the management information required by DWP, data sharing and governance arrangements. The DPA will be a formal contract between the DWP and the Council.
- 2.34 Legal services, where instructed, will work with the client department to finalise and complete the agreement.

Financial Implications

- 2.35 Members must consider the Council's financial position and the risk that the Council could end up subsidising the DWP as the funding offered is insufficient to cover expected costs. Whilst this might not be an issue for the period October 2015 to March 2016 considering the low case load numbers, it could however be a risk when full migration to UC occurs.
- 2.36 For the period Oct 2015 to 31/3/2016, the Council will receive funding of around £31,338 (plus VAT) to fund activity related to UC. The funding must be spent on the specific activities described in the DPA.
- 2.37 As this is a new burden on local authorities, the DWP have committed to providing funding to enable us to provide these services in the future. However, whilst funding is known for the pilot period, it is not known for future years and Harrow must ensure any future funding covers full costs of service delivery and that no further delivery agreement is signed without negotiation of funding for each specific period beyond 31/03/2016.

Equalities implications / Public Sector Equality Duty

- 2.38 The Council will be providing assistance to help residents claim UC but this is a Government Scheme over which this Council has no authority.

Corporate Priorities

2.39 Supporting the DWP in the delivery of UC reflects the aims of our corporate priorities thus ensuring we concentrate on supporting those who are financially vulnerable.

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 5 October 2015		
Name: Rachel Lansdowne	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 October 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	Not required as this is not a Council Service and the Council is simply contracting with the DWP to support delivery of UC on behalf of the DWP

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

Appendix 1 – Delivery Partnership Agreement (DPA) - see enclosure.

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

(Call-in applies)