

**Report of the Assistant Director, Revenues and Benefits to the
Corporate Resources and Governance Overview and Scrutiny Committee
4th October 2017**

1. Purpose

- 1.1 To provide an update to the Committee on Welfare Reform.
- 1.2 To report on the implementation of Universal Credit and associated issues for the council and citizens of Birmingham.

2. Background

- 2.1 The Council put in place a Welfare Reform Multi-Agency Committee to help to mitigate the impact of the significant welfare reforms (for working age people) introduced by the Government in 2013. The group consisted of a wide range of internal and external partners from both voluntary and statutory agencies across the entire city. In the main, the reforms included:
 - The Benefit Cap – meaning housing benefit was reduced where couples and families were in receipt of more than £26,000 per annum in welfare benefits. This was subsequently reduced to £20,000 from the Summer of 2015.
 - The social sector size reduction – for people living in council or registered social landlord accommodation which was deemed to be ‘under-occupied’.
 - The introduction of Local Welfare Provision – replacing elements of the Social Fund, previously administered by the Department for Work and Pensions (DWP).
 - The localisation of council tax support – which replaced the national council tax benefit system.
- 2.2 Having achieved the initial remit, the group disbanded as the reforms bedded-in. Universal Credit implementation was a further significant reform, originally to be introduced from October 2013. Universal Credit (UC) replaces a number of other benefits (Income Support, Job Seekers Allowance, Working and Child Tax Credits, Employment and Support Allowance and Housing Benefit). Importantly, it is paid in arrears with the default payment made direct to tenants. Up until now most social sector tenants have their housing costs paid to their landlords (including council tenants). The other significant issue for tenants and landlords is a delay of payment for at least five weeks at the start of UC claims.
- 2.3 The timescales for the implementation of the full rollout of Universal Credit were adjusted by the Department for Work and Pensions (DWP). This meant that a limited number of working age people started receiving UC in Birmingham from 13th April 2015 – this phase of the rollout is referred to as ‘live service’ by DWP. Typically, the people claiming UC at present are the more straightforward cases (single people aged under 35). The number of council tenants currently receiving their housing costs through UC in Birmingham (who would have previously claimed Housing Benefit) has slowly risen to around 1,300. A similar number is likely in Housing Association properties and private tenants. However, the next phase of the rollout is about to commence – referred to as ‘Full Service’. This will see the numbers of working age people receiving UC rise significantly from November 2017 onwards.
- 2.4 Of the twelve job centres in Birmingham, six will implement ‘Full Service’ in November 2017 with the remaining further six in December. The ‘Full Service’ will include all new claims for housing costs and many changes in circumstances. This will include families with up to two children. Although there are some exclusions, it will impact on

people whose circumstances can make them vulnerable. Remaining working age HB claims will gradually migrate to UC by around 2022.

- 2.5 As a result of this significant change, the Task and Finish Group has been reformed. This report is to update members on the progress made so far as well as outlining some of the challenges ahead.

3. The work of the Task and Finish Group

- 3.1 Chaired by Councillor Chatfield, the group meets monthly and it is made up of representatives from the Council and stakeholders (including DWP, third sector, and Registered Social Landlords). The purpose of the group is to work collaboratively to see how best to mitigate the impact the Government changes have on Birmingham residents. It has identified four key priority areas and established smaller working groups to examine the main priorities. The working groups are:
- Customer Journey – to examine the issues for citizens which are likely to impact on their experience under the new UC system (see appendix 1 for details identified).
 - Communications – to assess the most effective ways of sharing the key messages around the impact of UC.
 - Personal Budgeting Support (PBS) to provide help for citizens with specific needs to deal with the new method/frequency of payment; and
 - Assisted Digital Support (ADS) – to understand the needs of citizens requiring extra support to access UC ‘on line’.
 - Discretionary Housing Payments (DHP) and Local Welfare Provision (LWP) – to examine how these limited budgets can help with the transition to UC.
- 3.2 There are a number of issues which will require close working between the Council and its partners to support people on UC. The ongoing work of the group will assist this process and help to ensure that the needs of Birmingham residents are fully taken into account. This will include working closely with Job Centre Plus on related issues to getting people into work, which is a key priority for the Council.

4. Implications for the Council and the City

- 4.1 There are significant issues for Birmingham. The Council has around 62,500 properties with ‘landlord’ responsibilities. There are 42,400 of these households which rely on housing benefit to assist with their rent. The big change (with the introduction of UC) is the issue relating to UC payments being made (with some exceptions) directly to the tenant and not the Council
- 4.2 This, coupled with the delay in payment at the start of the claim will cause additional pressure to the Council due to the potential impact on rent arrears. In preparation for this change, a pilot initiative is being undertaken to examine existing cases in receipt of UC. The pilot will look to identify the positive examples where people have claimed UC and not gone into rent arrears. Similarly, it will examine cases where arrears have built up, and look at what interventions may have prevented this situation arising.
- 4.3 Universal Credit has been in Full Service at other councils before Birmingham. Close working with these councils has helped to identify the likely key issues for Birmingham. In relation to benefits administration, these include:
- delays in the receipt of information;
 - duplication of information;

- inconsistent and contradictory paperwork;
- information for other Councils; and
- ineffective escalation routes.

- 4.4 From a housing rent collection perspective, other councils report much lower levels of rent collection. Arrears on UC claims appear to be a relatively high proportion of all rent arrears.
- 4.5 Work is underway to examine the impact the changes could have for the Council. This includes modelling of existing tenants payment patterns while in receipt of UC and extrapolating this to inform the Council of the expected numbers going forward. This will help the Council's financial planning and the pilot will determine the associated structural and behavioural changes needed.
- 4.6 Registered Social Landlord partners in the City will be facing the same pressures as the Council in terms of potential delays (in rent payment) and lack of direct payments. Tenants in privately rented accommodation are probably the most vulnerable group and there is a risk that some private landlords will cease renting to people claiming UC.
- 4.7 As an employer the workload for the Council on housing benefit claims will reduce over time. The Council receives a grant from the DWP to assist with the administration of Housing Benefit. This has seen a reduction of £500,000 for 2017/18 and is expected to continue to decrease year on year until 2022.
- 4.8 The reduced funding is theoretically linked to the reducing caseload as more people move across to Universal Credit. Lessons learned from other councils on an earlier roll-out to Birmingham (for UC Full Service) suggests that the reduction in caseload is not as severe as initially expected. There is additional work for the Council in providing DWP with HB information – and vice versa for information to assess entitlement for Council Tax Support. The Council will therefore need to find the right balance of funding against the need to reduce staff numbers with less funding from DWP. We expect to know our funding for the administration grant from DWP in late November 2017.
- 4.9 The Benefits Service has undertaken a review of its provision, staffing model and capacity and has formulated a future operating model based upon the reducing caseload. Once the Administration budget is announced, the Benefit Service will ensure this new staffing model is mapped against this funding. Proposals for any changes in staff numbers will require trade union and staff consultation. This new model will be effective from April 2018 when we expect to see the beginning of the impact of UC Full Service.

5. Discretionary Housing Payments (DHP)

- 5.1 Discretionary Housing Payments (DHPs) help to protect tenancies where people face a shortfall between their housing benefit and their rent. They can also be used to help people move to a more affordable property by using it as a 'bond' or 'rent in advance'. It is not intended to be a long-term form of support, but can be used to help ease a short term problem – such as temporary assistance once people first have their benefit 'capped'. The Government gives councils an annual grant for this purpose.
- 5.2 The DHP budget for 2017/18 is £5,283,667. The strategic use of DHP is a key priority of the sub group of the Welfare Reform Task and Finish group. There is an increased pressure on this fund due to Universal Credit and the full effects of the Benefit Cap, which is now fully rolled out. It is important to maximise this limited fund to ensure the

right people get the help they need to retain their tenancy, or move to somewhere more sustainable.

6. Local Welfare Provision (LWP)

- 6.1 From 1 April 2013, under the provisions of the Welfare Reform Act 2012, central government abolished two elements of the discretionary Social Fund — Crisis Loans and Community Care Grants. Responsibility for providing this type of emergency hardship support was passed over to councils, and became known as Local Welfare Provision (LWP). LWP is funded from the Councils general fund. The budget has seen a number of reductions since it was introduced. For 2017/18 the budget is £1.3 million. This was a reduction in the provision from the £1.85 million (which included an underspend of £245k from the previous year).
- 6.2 The Scheme provides support for some of the most vulnerable members of the community following a disaster, emergency or during a period of financial difficulty. Support is typically provided to help purchase emergency provisions (food vouchers). It is also used to help support people set up their homes with very basic emergency 'white goods'.
- 6.3 The Task and Finish sub-group will consider how best to continue with this funding to ensure it is targeted at the right people, and helps to support sustainable tenancies.

7. Personal budgeting support (PBS) and Assisted Digital Support (ADS)

- 7.1 DWP provide funding to councils to help people who may need support with the move to UC. This includes help with their budgeting and digital access. UC claims and claim management is all 'on line'. Many people will not have access to the internet, or the skills needed to manage their UC accounts. The Council has put in place arrangements (ADS) to assist people with this support, in the main through the Library service.
- 7.2 The Neighbourhood Offices (NAIS) will provide the PBS until at least April 2018. Assisted Digital Support is provided through the Council's library network. This will help to support people who do not have the access or skills to help them with their claims. Future provision will be considered as part of a procurement process over the coming months. NAIS receives referrals from the DWP work coaches and provides two hour PBS sessions. For the first quarter (April to June) 2017 a total of 95 referrals were received from DWP work coaches and 84 people were supported with PBS. (11 failed to attend).

8. Conclusion

- 8.1 The coming months will see a significant change for many people in the City. There are many issues for the Council to consider. As a 'landlord', there are important issues in relation to rent arrears and the impact on the council's housing budget. For working age Birmingham residents (in receipt of housing benefit), the Government changes to the benefits system means a fundamental change in the way their housing costs are dealt with. Related issues with social housing and private tenants need to be considered in order to ensure affordable tenancies are maintained and the associated costs of homelessness are minimised.

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