

# Universal Credit

## Overview and Scrutiny Committee – 4<sup>th</sup> September 2019

### **Background**

Universal Credit (UC) Full Service has been operational for 18 months; for new claimants and those who experience a significant change in their circumstances. It provides financial support for working age people who are out of work and for people who are in work on low incomes. Each household is viewed as an Assessment Unit with financial support provided to include; housing costs and general living costs, dependant on personal circumstances. It is paid retrospectively on a monthly basis; since the removal of 7 waiting days at the beginning of a claim it usually takes 5 weeks for the first payment to be made. Claimants can apply for an advance of their UC at the start of their claim; this can include all elements including housing costs. The total amount of UC awarded will depend upon individual circumstances and can include amounts for a personal allowance, housing, child element, childcare costs and disability.

UC replaced 6 working age benefits: -

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

The policy intent behind UC is to incentivise work and build personal responsibility; where they are able to look for work claimants receive help from their Work Coach in the Jobcentre and will be expected to take reasonable and appropriate steps towards the labour market. For some claimants who are required to prepare for work this could include engaging in activities to improve their health and wellbeing, undertaking voluntary activities or participating in training/education.

### **Useful UC resources**

For an overview of Universal Credit follow the link below:-

<https://www.gov.uk/universal-credit>

Housing Guide for Claimants:-

<https://www.gov.uk/government/publications/universal-credit-and-your-home-quick-guide>

Below is the link to the YouTube channel which has videos that will walk you through opening and maintaining a Universal Credit account online using the Full Service:-

<http://www.youtube.com/UniversalCreditinAction>

## UC statistics for Hyndburn

All the statistics that are available in the public domain relating to UC can be found on gov.uk

<https://www.gov.uk/government/collections/universal-credit-statistics>

Breakdown of key statistics for Accrington Jobcentre

Total UC claimants – 4,613 (24.5% increase compared to December 2018)

Universal credit regimes:

Searching for work	1,831
Working with requirements	557
No work requirements	1151
Working, no requirements	655
Preparing for work	274
Planning for work	150

Number of households on UC	3,870
No housing costs	1,414
Social rented sector	672
Private rented sector	1766
Managed Payment to Landlord	448

25% of UC claimants are in work

Payments – for August 2019 91.6% of claimants were paid in full and 96.39% were paid in full and on time. (Paid in Full means the customer receives both the personal element and housing costs)

### Support for those in work

**Work Allowance** - There are none of the cliff edges or complicated hours' rules of the old system. Universal Credit has a single taper so payments reduce in a transparent and predictable way as earnings increase.

Claimants are better off working and earning more, giving people a clear incentive to increase their hours. The earnings taper allows a claimant to keep 37p for every £1 earned.

Previously those who claimed Tax Credits, were often limited to the number of hours they could work, Universal Credit entitlement is calculated according to income instead of the number of hours worked.

- higher amount set at £503 (as from 8 April 2019) when no housing costs are applicable

- lower amount set at £287 (as from 8 April) when housing costs are received in the Universal Credit award or the claimant receives Housing Benefit as their accommodation is temporary.

**Childcare Costs** – The Universal Credit childcare policy is part of the wider government childcare offer, which includes state-funded childcare.

The policy intent for the childcare offer will mean that claimants with average childcare costs should be able to work full-time. Universal Credit will mean parents can understand how their childcare support is calculated. The element is based on reporting of the actual costs the household incurs as they pay them, so it will be more accurate and will reduce errors and the possibility of overpayments

Families can claim back up to 85% of their eligible costs up to a maximum limit (cap) of:

- £646.35 per month for one child
- £1108.04 per month for two or more children

### **Support for vulnerable people**

**Advances** – an advance payment of UC is available from the outset of the claim to UC and can be applied for in the Jobcentre, online or by calling the Service Centre. Discussions around the availability of an advance payment forms part of the initial claim process when a claimant's ID is verified at the outset. Up to 100% of the full UC entitlement (including housing costs) can be made available and this is recovered over 12 months from the UC payment. DWP staff discuss advances with all claimants and encourage them to accept what they feel they need up to the full amount available until their first UC pay date.

**Alternative payment arrangements** – in some circumstances DWP can pay UC more frequently than monthly, the payment can be split between two people in the household and/or the housing costs can be paid directly to the landlord. These measures are designed to support people with complex needs who may struggle to cope with monthly payments in UC and demonstrates our commitment to protect the tenancies of our most vulnerable claimants.

### **Help to Claim**

From April 2019, Citizens Advice have been delivering the new 'Help to Claim' support to claimants making a new Universal Credit claim or moving from a legacy benefit to Universal Credit because of a change of circumstances.

The Citizens Advice Help to Claim offers tailored, practical support to help people make a Universal Credit claim up to receiving their first full correct payment on time. It is available online, through web-chat, through a Freephone number and face-to-face through local Citizens Advice services. Citizens Advice have been funded for the delivery of Help to Claim, on a test and learn basis, for 12 months from April 2019.

The close relationship with HBC and Citizens Advice continues as does that with Maundy Relief. We continue to work closely to support the best interests of vulnerable residents.

Every Jobcentre has developed a **Complex Needs Toolkit** which provides an escalation route into services which can support vulnerable people and/or those presenting in crisis. It provides Jobcentre and Service Centre staff with information relating to local services who they can signpost customers to for expert help.

### **Engagement with housing partners**

DWP continues to support housing partners and changes have been introduced to enable them to make enquiries more easily and arrange direct payment of rents to landlords in certain circumstances. Support with housing costs for claimants who were previously receiving Housing Benefit have been introduced; they receive a transitional payment – an extra two weeks support worth on average £233 per claimant – when they move to Universal Credit. This is unrecoverable, automatic and received early in the first assessment period. In addition claimants living in private rented sector whose HB was previously paid directly to landlords are automatically offered this option when they join Universal Credit. Under the Homelessness Reduction Act DWP have a duty to refer people who are homeless or at risk of eviction to the LA for support to be re-housed.

A working party of key stakeholders in housing in Hyndburn has been established by DWP in partnership with the council. It comprises of Accrington Jobcentre Managers, Hyndburn Borough Council (Housing Team and Revenues and Benefits Team), Citizen's Advice, Maundy Relief and Onward Homes. The group meets bi-monthly to share knowledge, understand the impacts of UC on housing and develop a closer partnership to help us to support local people. The DWP Partnership Manager is also supporting local councillors by acting as a single point of contact for them to escalate any issues reported to them by residents.

### **Universal Credit National Update**

- **Removal of the extension of the two-child limit** on Universal Credit for children born before 6 April 2017. All children born before that date will continue to be supported by Universal Credit.
- **Work Allowance** for Universal Credit will be increased by £1,000 from April 2019 and was implemented from 8 April 2019. This means that 2.4m households will keep an extra £630 of income each year.
- **Minimum Income Floor**; The Government is extending the 12-month grace period (the period before the Minimum Income Floor applies) to support all gainfully self-employed people. This will be introduced from July 2019 and implemented fully from September 2020.

### **Move to UC/Managed Migration**

The process will be gradual and carefully managed. It will be tested in Harrogate for at least a year, we will refine our processes on a small scale to ensure they are working well – no more than 10,000 claimants will be moved over to Universal Credit during this period as we pilot our approach. The Managed Migration Pilot Regulations will provide essential support for claimants. They will ensure that:

- additional protection is in place for claimants currently in receipt of SDP;

- a two-week run-on of DWP legacy benefits will be in place from July 2020 to support claimants with the transition; and
- an additional Discretionary Hardship Payment is in place to provide financial support for claimants who appear to be in hardship as a consequence of managed migration.

The support provided will be delivered face to face support to ensure the first cohort moves successfully to UC.

Claimants will have at least 3 months to claim UC, and we are piloting this approach precisely to learn how we can contact and support people to move to UC without ending their legacy entitlement.

\*\*\*End\*\*\*