
**Manchester City Council
Report for Information**

Report to: Economy Scrutiny Committee – 24 September 2014

Subject: Universal Credit

Report of: Head of Regeneration

Summary

Universal Credit, a major part of the Coalition Government's welfare reform programme has been piloted in a number of Greater Manchester authorities and is scheduled to roll out for new JSA claimants in the City between mid-September and December. It has been designed to unify and simplify a number of both in-work and out of work benefits and to ensure that work pays. In the first phase of roll out between now and the end of March 2015, only single adults and couples without children where both people are unemployed will claim Universal Credit. For those claiming Universal Credit 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.

There are implications for the City Council in terms of changes to Housing Benefit and Council Tax Support and the services that DWP commissions to support the roll-out of Universal Credit. This report provides information on Universal Credit, its implications for residents who will be claiming, the City Council and the work that officers have been doing to prepare for its implementation.

Recommendations

Members are requested to note the information, including the signing of a Delivery Partnership Agreement with DWP which is a key decision.

Wards Affected: All

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1. Introduction

1.1 Universal Credit is the most significant part of the Government's welfare reform programme, yet to be fully implemented. It is designed to make work pay so that people are better off in work than claiming benefits and brings together both in-work benefit and out of work benefit. Universal Credit should enable people move in and out of work more smoothly and eliminate disincentives to work. There will be access to Real Time Earnings HMRC data by Department of Work & Pensions (DWP) staff to enable claimants receive the correct level of financial support as their circumstances change and this is also designed to increase efficiency in processing and handling claims. Pilots for Universal Credit were initially developed in Tameside, Oldham and Wigan and it is now being rolled out elsewhere in Greater Manchester & Cheshire and across the North West Region.

1.2 The introduction of Universal Credit nationally has had some major setbacks, which have received widespread media coverage and been the subject of Select Committee hearings. More locally, there is learning from the pilots that have run in Tameside, Oldham, Wigan and Warrington. However, these have been with the most straight forward of claimants and in relatively low numbers. Manchester will be the first large metropolitan borough where UC is piloted.

2. Universal Credit and the Changes for Claimants

2.1 Universal Credit (UC) is the new Department for Work and Pensions' (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 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 Manchester as currently virtually all social housing tenants in the City have their Housing Benefit paid directly to their Landlords. Attached as appendix one, is a template illustrating the change to the amounts paid in support to working households

2.3 Universal Credit 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. Universal Credit

claimants will be expected to demonstrate that they are spending more of their time looking for jobs. .

3. Roll Out of Universal Credit in Manchester

3.1 Following the implementation of the pilots in GM, the North West is the first region to roll out Universal Credit during 2014/15 with Manchester going live from 22 September to the end of November 2014. The whole of the North West will be 'live' for UC purposes by the end of this year. The pilot will be for newly unemployed people who claim on or after their area goes live and are either single people or a couple (without children) where both are unemployed. Modelling indicates that there will be circa 6,800 people in the City claiming Universal Credit between September 2014 and the end of March 2015. Claims from families or households where someone is working will not be considered until sometime after April 2015.

3.3 The timetable for Manchester below is by postcode linked to jobcentres in the area rather than ward boundaries:

22 September	Cheetham Hill Newton Heath Wythenshawe
20 October	Alexandra Park
10 November	Rusholme Chorlton Longsight
17 November	Openshaw Didsbury

3.4 A date has not yet been set for full implementation of Universal Credit (UC) when the majority of working age cases are transferred from existing benefits. This is being referred to as "Managed Migration". Although responsibility for administering Housing Benefit (HB) will pass from the City Council to the DWP for UC cases, the Council will have an important role in the delivery of UC.

3.5 When managed migration happens, a national Local Support Services Framework (LSSF) will be introduced that will define the role of Local Authorities and other agencies in the delivery of UC. Until the LSSF is introduced, arrangements for the role of Councils are determined at a local level. A draft LSSF was produced in 2013/14 but conversations with the DWP suggest the Local Authority role in the final document will be enhanced as a result of the findings in the pilots.

3.6 Post migration, local authorities will retain responsibility for administering HB for anyone who is not required to be available for work. This includes pensioners and people receiving Disability Living Allowance/Personal Independence Payments. In addition, HB for some working age residents living in some specific types of accommodation where it is particularly complex to calculate, are likely to remain with the Council.

3.7 Appendix A shows the number of cases the DWP anticipates for Manchester during the initial roll-out period 22 September 2014 to 31 March 2015. In total circa 6,800 are expected to start claiming UC during this period.

4. Manchester City Council's Role during the pilot phase

4.1 During the pilot phase there are several services that the DWP are commissioning MCC to provide. These include:

Online access for customers claiming UC;
Support for customers with on-line UC claims;
Personal Budgeting Support (PBS) – simple cases;
Personal Budgeting Support complex cases;
Processing Local Council Tax Support paper notifications;
Dealing and supporting the DWP with simple housing costs queries; and
Dealing and supporting the DWP with complex housing costs queries.

4.2 On-line support - Universal Credit is an on-line service. Claims can also be made over the phone using a free phone number but this is not the DWP preferred method of claim.

4.3 The DWP has commissioned local authorities to provide support to claimants who need help with the UC on-line application process. During the initial pilot period the DWP anticipates that just 5% of claimants will need some support and that, for this group, the level of support required will be no more than an hour per case. DWP estimates suggest this will equate to 340 cases in Manchester between September and the end of the financial year.

4.4 Once the claim has been made claimants will be required to attend an initial interview with Jobcentre Plus staff, at which they will be asked whether they wish to claim Council Tax Support and a series of questions to identify if they have budgeting problems. People with basic budgeting needs will be advised to use on-line support such as the Money Advice Service whilst those needing greater help will be referred to the City Council for Personal Budgeting Support (PBS).

4.5 People identified as needing PBS may be placed on an Alternative Payment Arrangement (APA) which would mean the housing element of their UC is paid directly to their landlord. The decision about whether a person is placed on an APA is for the DWP as they are the 'decision-maker' in law. The DWP funds the provision of Personal Budgeting Service. Based on experience to date, it anticipates that of the initial Manchester pilot cohort just 5% (340) of these cases will need this added PBS support, of which 255 will need straightforward support taking less than 2 hours to deliver with the remaining 85 or so having greater need, taking up to 6 hours.

4.7 The introduction of UC creates additional administration for local authorities. This has been recognised by the DWP and additional funding made available. The DWP has very limited knowledge of housing and tenancy matters and needs the support from the City Council's benefits staff. Over the course of the pilot, the DWP anticipates referring around 2,722 cases to MCC's Benefits Service for help with decision making on the Housing Benefit aspect of the UC claim. Again these will vary

in complexity with an anticipated 340 cases that will be more complex and need up to 2 hours staff time to resolve.

4.8 Council Tax Support (CTS) notifications - Under the current arrangements all Councils receive electronic notifications of DWP benefit entitlements. This is used to automatically process CTS awards. Such interfaces for UC have not yet been developed and so all notifications relating to CTS applications will be e-mailed to MCC and will have to be processed manually. The DWP recognises this as a significant backwards step and have provided funding based on 30 minutes per case. For Manchester there will be circa 1,361 of these e-mails from September to March.

4.9 It is anticipated that the Council's role will change once the Local Support Services Framework is introduced but this is unlikely to be before late 2015. A proposal led by Tameside and Wigan for a GM wide LSSF approach is being considered by the DWP. As part of this process a number of GM pilot schemes are being identified to trial a GM approach. The emphasis is on linking the UC work and the support provided by local authorities, with the Public Service Reform agenda, integrating services to better support complex families and vulnerable people including moving more of them back to work. Progress on these initiatives is considered elsewhere on this agenda.

5. Manchester's City Council's proposed approach & preparation

5.1 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 asked Manchester City Council to submit proposals showing how the DPA will be delivered in Manchester during the initial implementation period to March. Chaired by the Head of Regeneration, a project team has been set up with representatives from the City's: Customer Service Organisation; Communications; Economic Development Unit; Housing and Revenues and Benefits. The Project Team has been focused on a number of work streams to ensure that the necessary systems and processes are in place to support UC claimants and meet the DWP requirements. Monthly meetings have been set up with the DWP to develop and agree the DPA and monitor its implementation. Advice has been sought from the City Treasurer and City Solicitor and they advise that signing the DPA is a key decision.

5.2 A range of approaches have been taken by the existing pilot sites. Tameside has commissioned the Citizens Advice Bureau to deliver services; Warrington has a similar arrangement in place with Remploy; whilst Oldham uses its strategic partner organisation to deliver the service. All have commissioned services based on the anticipation of significantly higher numbers of claimants than have actually used the service.

5.3 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 City Council, using the Benefits Service, the Customer Service Organisation, existing ICT and support networks and the Advice Service within the Children & Families Directorate. If required for the more complex personal budgeting support, the City Council could use the existing framework for advice contracts to draw down additional support as needed. This has the advantage of ensuring that the provision is more easily

implemented and also enables the team to gain a full understanding of what is required to aid future procurement if needed.

5.4 The City 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 a number of core venues with ICT facilities across the City. A mapping exercise of online access points has been completed and details will be made available on the City Council's website, as well as a paper leaflet detailing the access points across the City. Residents will also be able to use online facilities and support provided by the DWP and a range of other sites across the city (not on the core list). A briefing on Universal Credit and full details of ICT access points will be circulated to Members when available.

5.5 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. In some cases, this will mean a less hands-on support than customers may be used to for current Housing Benefit applications and will be an approach that will be replicated with appropriate HB applications to ensure consistency and foster independence. 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 newly 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.

5.6 The Personal Budgeting Support to be provided is based on specific outcomes and expectations commissioned by the DWP. Take up of PBS is not mandatory or conditional for UC claimants and this along with the first UC cohort, (mainly single people without rent costs) means that take up is likely to be low. The City Council will be expected to provide PBS to residents when referred by the DWP. The aim of the support is to help residents adapting to a single household payment, being paid monthly in arrears and to deal with rent being paid directly to them rather than to the landlord. This advice includes managing a basic household budget (priority and non-priority bills), managing a bank account and making payments and considering if a recommendation should be made for an alternative payment arrangement.

5.7 People who claim UC will not be claiming Housing Benefit from the City Council. Evidence from existing pilot sites suggests that this has not yet resulted in the reduction of work expected. However, it is proposed that the support for the Service Centre be absorbed within the Benefits Service. Funding for this will be claimed from the DWP to help offset the anticipated reduction in the admin support grant which will eventually occur. The manual processing of Council Tax Support notifications will be a significant overhead for the Revenue and Benefits team, as additional and alternative procedures will need to be put in place for this manual work stream. Funding will be drawn down from the DWP for this additional work.

5.8 The City Council has reviewed its existing policies & schemes where unemployment benefits are a passport or qualifying criteria. The current Council Tax Support scheme includes rules for dealing with Universal Credit claimants. National

criteria for Free School Meals includes UC as an income which passports entitlement to free school meals and local criteria for Secondary School Clothing grants also included UC (should be noted that the number of UC claimants with children is likely to be negligible in the first phase). Although UC claimants will not be able to claim Housing Benefit from the City Council, in exceptional circumstances, the City Council will be able to continue to provide Discretionary Housing Benefit to UC claimants where the housing element of their UC doesn't cover their rent. Manchester City Council's Local Welfare Scheme has been amended to include UC as a qualifying benefit after which a claim for support will be considered.

5.9 A key role for the City Council is to ensure that residents, staff and Members have access to information about Universal Credit and where support is available. The Communications Team have developed a communications plan. For the first phase information with links to more detailed information will be sent via free channels including neighbourhood teams, registered providers and voluntary organisations, This will be followed up by:

A briefing note for Members

An information leaflet containing a list of digital access points around city and a checklist of what information to take in order to complete a UC claim, for distribution to libraries, regeneration teams and the Customer Service Centre

A dedicated UC web page on the MCC website

An update of the linked benefit pages on the MCC website that will be amended in the light of UC

A news story in the staff Broadcast ebulletin for all MCC staff

Adverts on the digital screens within the Customer Service Centre

6. Risks

6.1 Loss of information – Councils will not necessarily be aware of who is receiving UC. Residents will be required to make a claim for Council Tax rather than it being awarded automatically as at present. Evidence from the pilot councils suggests people don't always make the CTS claim. This will add to the complexity of collection of Council Tax. Currently information about who is in receipt of UC cannot be shared with any landlord (including registered providers and Northwards). Consideration is being given to changing this, however it is unlikely to have been resolved by the time Manchester goes live.

6.2 Impact on collection (council tax / rent) – Universal Credit is not paid until five weeks after someone becomes unemployed and the award is not automatically notified to the Council. It may be some time after the date of entitlement that we become aware of a need for Council Tax Support (CTS). The current CTS scheme only permits backdating with good cause for up to six months. Failure to claim in itself would not normally be considered to be good cause. Whilst this could have a positive impact on the amount available to collect the collection of this initial period of liability before the CTS claim is made will be difficult.

6.3 Alternative Payment Arrangements -The default position is that the housing element of UC will be paid directly to the claimant rather than the landlord with only the most vulnerable having payments to landlords. This is called an "Alternative

Payment Arrangement” (APA). Whilst paying all of UC directly to the claimant, remains the preferred option there is a clear softening of the DWP stance on this and it is likely that in the medium term a greater percentage of APAs will be agreed during the period of migration. There is currently no provision for any landlord to be informed when someone claims UC. If a tenant accrues 8 weeks arrears then the landlord can apply to the DWP for an APA. If UC is in payment then the APA will be put in place. This has implications for rent collection levels.

6.4 Pressure on resources – A requirement of claiming benefit is the “Claimant Commitment” which requires people to spend 35 hours per week job searching. Much of this is on-line. The need to claim UC on-line will add to the demand for IT access from unemployed people. The DWP is providing on-line access via “Web Access Devices” in the Job Centres across the City’s Jobcentre network but there is likely to be increased pressure on MCC access points and services.

6.5 Sanctions –. Where someone fails in some aspect of the Claimant Commitment for UC, a benefit sanction is imposed by the DWP and benefit is reduced or stopped for a period of time. Ultimately benefit can be stopped for three years. The numbers being sanctioned under UC could increase, resulting in an increased pressure on other services including MCC services

6.6 Funding – The Council will receive funding of up to £187,500 to fund activity during the period from September 2014 to March 2015. The funding must be spent on the activities described and commissioned in the DPA and unspent funds are expected to be returned. There is no information on the long term funding; it is likely this will be wrapped up within a GM LSSF agreement.

7. Conclusion

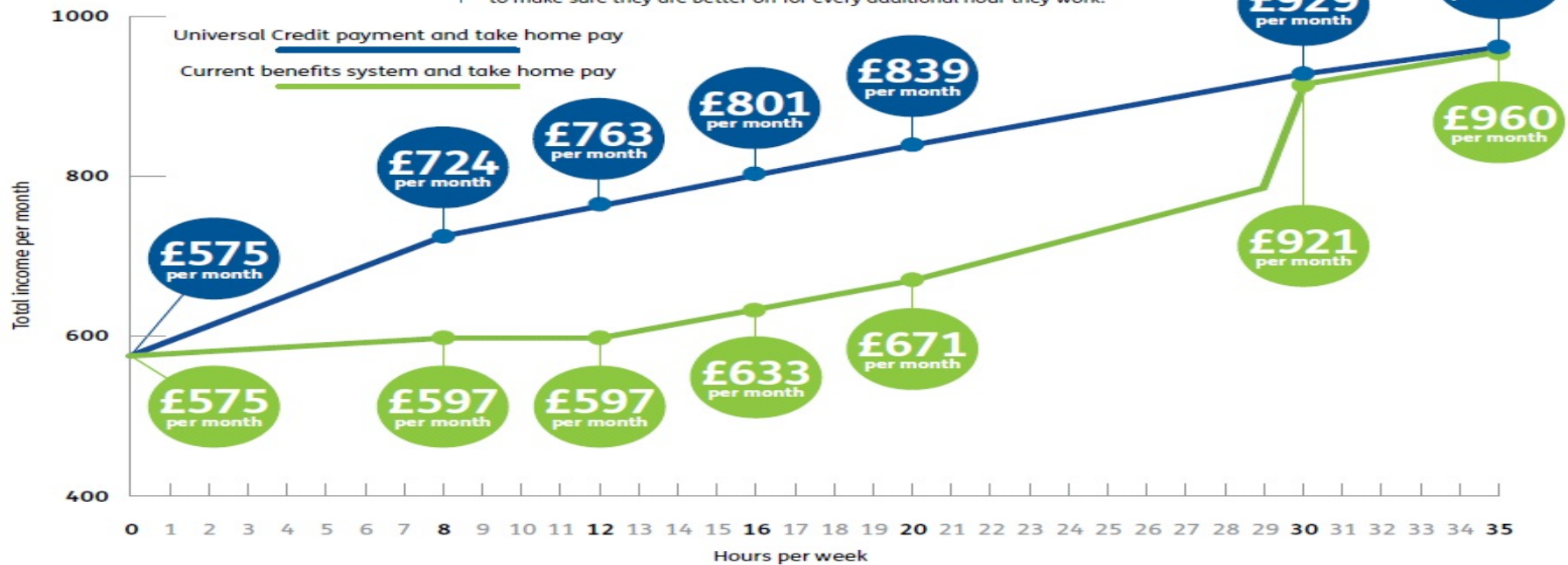
7.1 Whilst there is broad support for the simplification of both in and out of work benefits, greater flexibility in the system and endorsement of the principle of ensuring that work pays, the introduction of Universal Credit nationally has been mired in controversy. More locally, the GM pilots have worked with the most straight forward cases relatively successfully. The roll-out to Manchester and other areas in the North West, will be for new JSA claimants who are either single or part of a couple with no children, where both people are unemployed. However, Manchester is the first large City to roll out Universal Credit and the roll-out in the City represents a significant scaling up of numbers nationally. Officers from the City Council have been working with DWP to understand the numbers and flow for the first phase and agreeing how the City 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-September. Lessons learned will be used to support residents affected by the full roll-out. As more complex cases are required to claim Universal Credit, there is the potential to link more closely with the Public Service Reform programme considered elsewhere on this agenda.

Appendix one
DWP illustrations for UC in work



Making work pay

This example shows how a **single person aged 25 or over**, earning the National Minimum Wage, with rent of £60 a week (£261 a month), is better off in work with Universal Credit than they are under the current system. With **Universal Credit** claimants' take home pay is topped up with Universal Credit payments to make sure they are better off for every additional hour they work.



N.B. Total Income consists of net earnings (after Tax and National Insurance) and benefit income, including help with housing costs. All figures are set to assumed 2014/2015 rates.



Making work pay

Breakdown of the figures for a single person aged 25 or over, working part-time at the National Minimum Wage, with rent of £60 a week (£261 a month).

Universal Credit

8 hours

Earnings	£219
UC standard allowance and housing costs element less deduction for earnings*	+ £505
Earnings plus Universal Credit	£724

20 hours

Earnings	£548
UC standard allowance and housing costs element less deduction for earnings*	+ £291
Earnings plus Universal Credit	£839

30 hours

Earnings	£804
UC standard allowance and housing costs element less deduction for earnings*	+ £125
Earnings plus Universal Credit	£929

* A work allowance of £111 (for a single person with housing costs element) is deducted from earnings after which 65% of earnings are taken into account for calculation.

Current system

8 hours

Earnings	£219
Jobseeker's Allowance plus Housing Benefit	+ £378
	= £597

20 hours

Earnings	£548
Housing Benefit	+ £123
	= £671

30 hours

Earnings	£804
Working Tax Credit	+ £117
	= £921

N.B. All earnings are net take home pay, after Tax and National Insurance deductions.

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Appendix two
Volumes as provided by the DWP to support DPA funding

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Claims	105	533	901	1,066	1,609	1,272	1,319	6,805
Online supported	5	27	45	53	80	64	66	340
PBS complex	1	7	11	13	20	16	16	85
simple	4	20	34	40	60	48	49	255
LCTRS	21	107	180	213	322	254	264	1,361
HB queries	42	213	360	426	644	509	528	2,722
Complex housing	5	27	45	53	80	64	66	340