

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee – 3 September 2019

Subject: The impact of the Welfare Reform agenda on the Council's finances and its ability to provide support to residents of Manchester

Report of: City Treasurer (Deputy Chief Executive)

Summary

This report provides members with an update on the report that was considered in February 2019. The report provides an up to date position statement on the roll out of Universal Credit in the city and the impact on the Council's finances and its ability to provide support to residents of Manchester.

The scope of this report only considers the financial impact on the Council.

Recommendations

Members are requested to note the contents and the efforts being made to use Council resources to best effect to support vulnerable residents.

Wards Affected: All wards

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Reports to Economy Scrutiny Committee:

- 24 September 2014 - Universal Credit
- 28 October 2015 - Cumulative Impact of Welfare Reform
- 20 July 2016 - Cumulative Impact of Welfare Reform
- 3 January 2018 - Universal Credit roll out

Reports to Communities Scrutiny Committee:

- 8 January 2014 - The Equalities Impact of Welfare Reform

Reports to Resources and Governance Scrutiny Committee:

- 9 November 2017 - The Roll out of Universal Credit Full Service in Manchester
- 7 February 2019 - The impact of welfare reform agenda on the Council's finances and its ability to provide support to residents of Manchester

Reports to GMCA Economy, Business Growth & Skills Overview & Scrutiny Committee:

- 13 July 2018 - Welfare Reform and Universal Credit in Greater Manchester

1. Introduction and scope

The purpose of this report is to update the Committee on the impact of the welfare reform agenda, including the implementation of Universal Credit on the Council's finances and discretionary budgets.

This will show how spend continues to increase across all areas and raises concerns about budget pressures in future years.

This will include the following areas

- Welfare Provision Scheme
- Discretionary Housing Payments
- Discretionary Council Tax
- Council Tax Support Scheme
- Rent collection for providers that have direct financial links with the council.

It is recognised that there are other financial impacts on the Council including the impact on staffing resources in areas such as Revenues and Benefits and Customer Services.

There are other budget pressures, which are also impacted by the welfare reform changes such as the growing numbers of homeless and rough sleepers within the city and the increased demand upon many services provided by the Council and partners. As part of the 2019/20 budget the Council provided a further investment of £4.4m to support homelessness services.

2. Background

Since 2010, there has been a radical reform of the welfare system, introducing measures to cut overall welfare expenditure and to change the way particular benefits are structured and administered. This includes the implementation of Universal Credit in the city.

Most working age benefit levels have been frozen at April 2016 levels for four years, as have most Local Housing Allowance levels for help with rent, despite continuing increases in rent in a buoyant local private rented sector. In addition, reductions in benefits because of the under occupation rules (the "Bedroom Tax"), the Benefit Cap and restrictions on allowances for some people who have more than three children have also reduced the amount of money people have to live on. This is mirrored by increasing homelessness, increasing demand at foodbanks and increasing calls on discretionary budgets.

Attached as appendix one for information only, is a summary timetable of these welfare reform changes including the following that have come into effect since the last report in February 2019.

From February 2019	People with three or more children can claim Universal Credit. Prior to February 2019 people with three or more children had to continue claiming legacy benefits (Housing Benefit, Jobseekers Allowance, Income Support, Employment and Support Allowance & Tax Credits) Children born before April 2017 will not be included in the three-child limit for Universal Credit. Prior to this there was a restriction to the number of children Universal Credit was paid for, regardless of when these children were born
From April 2019	Increase in the work allowances for families with children and disabled people is increased by £1000. This will mean up to £630 a year for these families and restores the work allowance to the pre-cut levels.
From 15 May 2019	Change to the rules for Mixed age couples (where one member of a couple is pension age and one is working age). From 15 May, these couples are unable to make a new claim for Housing Benefit unless they are already receiving Pension Credit. They are unable to make a new claim for Pension Credit unless they are already receiving Housing Benefit. Instead, they need claim Universal Credit. If they do claim Universal credit they will also receive a lower level of support because their benefit level will be the same as that for a working age couple rather than a pension age couple. MHCLG have announced plans to amend the prescribed CTS regulations from 2020 in order to align the CTS and HB schemes.
1 June 2019	From 1 June, landlords and agents are no longer allowed to charge agency fees for a new tenancy or to renew an existing tenancy in the private rented sector.
From July 2019	Managed migration pilot starts in July 2019. 10,000 claims will be migrated to Universal Credit from legacy benefits. This will start in Harrogate. A Discretionary Hardship Payment (DHaP) fund has been announced to support people through managed migration. Claimants who were entitled to the Severe Disability Premium prior to being moved to Universal Credit will start to receive additional payments. They will receive a backdated payment plus ongoing transitional payments up to £405 per calendar month. Those in receipt of the Severe Disability Premium have been unable to move to Universal Credit since January 2019. Regulations have now been passed that will allow these claimants to start migrating to Universal Credit from April 2021. People on Tax Credits who move to Universal Credit through managed migration will not have the capital limit of £16,000 applied for the first year of their Universal Credit claim. After one year, if they have capital over £16,000 their Universal Credit will stop.

3. Universal Credit roll out

Universal Credit (UC) 'live service' was introduced incrementally across Jobcentres in Manchester from 22 September 2014 with the roll out completed by December 2014. Single people, couples and families are all included but only for new claims.

The DWP planned to roll out UC digital 'full service' across Manchester between October 2017 and May 2018 but this was rescheduled and was substantially completed by late July 2018. UC full service applies to all new working age claims for most benefits.

Current working age HB claims are not affected and will be picked up in a migration process called 'Move to UC' that is presently being piloted in Harrogate. Learning from the pilot will inform future 'Move to UC' timescales nationally. This activity affects people who are currently claiming Housing Benefit and have had no change in circumstances who are actively moved off HB and required to claim UC. In the meantime, the Benefits caseload is already reducing as working age residents who were previously not on benefits claim Universal Credit (Housing Element) rather than Housing Benefit, or have a change in circumstances that triggers a move from HB to UC.

The full migration to Universal Credit is now expected to be complete by March 2023 (originally 2017). Housing Benefit for people of state retirement age and for people in exempt accommodation will remain in place for the foreseeable future. Future developments will need to be carefully managed to ensure necessary levels of resources are kept during a lengthy transitional period.

3.1 Status of Universal Credit in Manchester

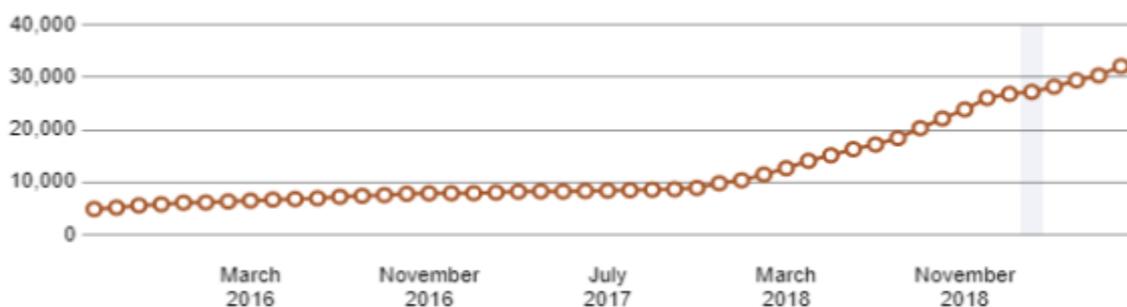
3.1.1 Claim Volumes - people

Based on data from June 2019 (latest data available), 32,081 people in Manchester are within the UC regime, which is now the second highest number (behind Birmingham) across local authorities nationally. At the last update (November 2018) Manchester was third highest, with less than both Birmingham and Croydon. This represents 8% of working age residents¹. 9,580 (29.9%) of these are in employment, and 22,499 (70.1%) are not in employment, which represents a shift towards a higher proportion not in employment since the last update to Committee.

UC claimant volume has been rising more steeply since July 2018, when UC 'Full Service' had been fully rolled out to all Jobcentres in Manchester (for new claimants). This is shown in Chart 1 below.

Chart 1: Number of People on Universal Credit in Manchester

¹ Calculated using Manchester City Council Forecasting Model population estimate of 403,407 residents aged 16-64 in 2019.



The five wards with the highest numbers of people on UC in Manchester are shown in the table below.

Ward	People on UC - June 2019
Gorton & Abbey Hey	1,856
Moss Side	1,774
Miles Platting & Newton Heath	1,760
Clayton & Openshaw	1,710
Harpurhey	1,710

Numbers in Gorton & Abbey Hey are rising at a faster rate than other wards, as this ward had the third highest number as at the last update, and is now the highest. Numbers in Harpurhey are also increasing at a rapid rate, as this ward previously had fewer claimants than Longsight (which is now sixth, and so is not shown in the table).

The wards with the highest proportion of people on UC are shown in the table below. The top three wards with the highest rate remain in the same order. Each of their rates has increased substantially since the last update; around 4 to 5 percentage points each.

Ward	People on UC (rate) - June 2019
Miles Platting & Newton Heath	15.6%
Clayton & Openshaw	15.2%
Gorton & Abbey Hey	14.2%
Harpurhey	13.5%
Longsight	13.0%

Full sets of up to date place based UC statistics and maps are available from the Council's online Intelligence Hub.

3.1.2 Claim volumes - Households on UC in Manchester

Household level statistics have a greater delay in release than person level statistics. Based on February 2019 data (latest data available), 24,831 households were within the UC regime. As per the person level numbers, Manchester is now the second highest in terms of households on UC across local authorities nationally, behind Birmingham - and having overtaken Croydon.

The wards with the highest numbers of households on UC are shown in the table below.

Ward	Households on UC - February 2019
Gorton & Abbey Hey	1,446
Miles Platting & Newton Heath	1,422
Moss Side	1,422
Clayton & Openshaw	1,307
Harpurhey	1,215

3.1.3 Transition from Housing Benefit to UC Housing Element

The UC Housing Element is gradually replacing Housing Benefit (HB) for working age tenants in both the social and private rented sectors. However, this is currently only for new claimants or those whose circumstances change, as full managed 'Move to UC' migration of existing legacy benefit claimants has not yet commenced. This is not due to start until November 2020 at the earliest.

A substantial amount of households (44,143 at Q1 2019/20, a reduction of 14% since last year) still receive legacy HB rather than the Housing Element of UC. However, as would be expected, the proportion in receipt of the Housing Element of UC continues to grow, as 'Full Service' UC has been available citywide since July 2018.

At February 2019, 14,958 households were in receipt of the Housing Element of UC across both the private rented (PRS) and social rented sectors combined. This accounts for approximately 24% of all households receiving housing payments via either UC or HB.

The number of households claiming the UC Housing Payment across both the private and social rented sectors in Manchester has approximately doubled in a year.

More detailed statistics about this are produced in the Council's quarterly Welfare Reform Monitoring Report.

4. Homelessness in the city

4.1 Homelessness and the Council's finances

The rise in homelessness in the city also has a significant impact on the Council's finances in terms of direct costs, support services and on discretionary budgets.

Although the causes of homelessness are complex and multi-faceted, there is a direct correlation between the rise in homelessness in the city and the welfare reform agenda.

This includes the following:

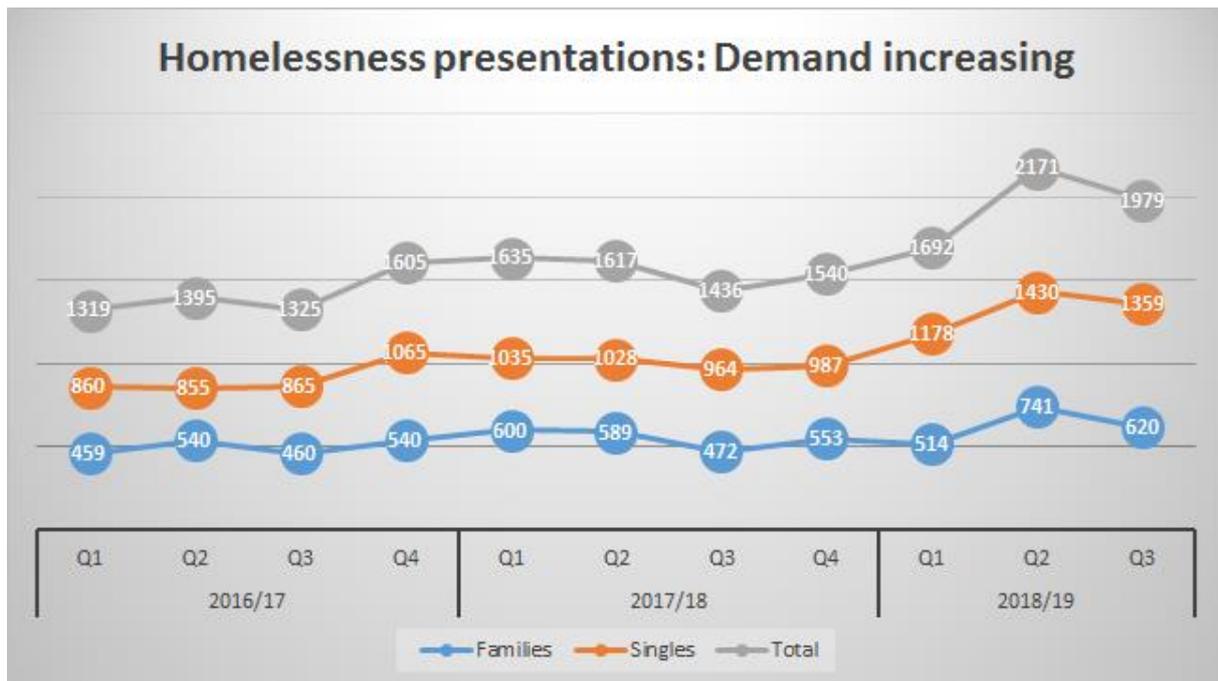
- Affordable Housing for families, singles and rough sleepers, at the Local Housing Allowance (LHA) rate, to both prevent homelessness and to provide settled accommodation as a route out of homelessness
- Welfare reform issues, and the impact of austerity
- Complexity of families
- Increasing complexity and health issues for singles
- Domestic violence, drug and alcohol issues, mental health, physical health and anti-social behaviour all lead to recurring homelessness

Homelessness is increasing significantly. This increase sits alongside the welfare reform agenda timescales and the challenge of affordable housing in the city. Welfare reforms such as the freezing of Local Housing Allowance, the 'bedroom tax', the benefit cap and application of the shared room rate to single households under 35 years and the stricter Universal Credit sanctions regime is expected to have impacted on the increase in demand.

The private rented sector has doubled in size nationally in the last ten years, and rents have increased three times faster than wages nationally. Homes in this tenure are increasingly unaffordable for families on low incomes, particularly to households in receipt of Local Housing Allowance.

4.2 Homelessness caseload

The number of homeless presentations from families and single people has increased consistently from around 1,300 in 2016/17 to almost 2,000 in Q3 2018/19 (an increase of circa 53%).



4.3 Homelessness budgets

The 2019/20 Homelessness budget is £13.942m net and £34.691m gross.

The gross budget includes specific government grants and other funding. The 2019/20 budget included additional Council investment of £4.340m for temporary and emergency accommodation, homelessness prevention and private rented sector enforcement activity. The position at Period 3 is a breakeven position; however, there is a significant risk from dispersed temporary accommodation placements.

4.3.1 Dispersed temporary accommodation

Dispersed temporary accommodation placements have increased by 31 since March 2019 to 1,548 in July 2019. The Flexible Housing Support Grant of £2.1m (held by Revenues and Benefits) is being fully applied to meet the cost. The number of presentations in Manchester continues to rise.

Presentations for Quarter 1 are 2,388, the highest recorded in any quarter and are 41% higher than in Quarter 1 2018/19.

The gross spend on temporary accommodation based on placement numbers in June is £14m offset by £8.5m of eligible housing benefit leaving a cost of £5.5m, met by the Homelessness budget of £3.4m and Flexible Housing Support Grant of £2.1m.

4.3.2 Bed and Breakfast

Bed and Breakfast (B&B) placements in July 2019 averaged 125 per night for single people and 50 for families. This compares to an average of 180 over the last twelve months. There are significant numbers of families and single people who are moving

on each month, over the last twelve months there have been 1,073 families and a further 1,058 single people booked in and moved on.

4.3.3 Prevention

Homelessness Prevention plans are underway to develop a new homelessness prevention service which will support those households identified early on as being at risk of homelessness. The intention is to pilot this in two areas of the city, linking in with Early Help, education, health, and other locality based services, and providing a multi-agency/multi-modal prevention response to those households identified as being at risk of homelessness before they hit crisis point.

4.3.4 Enforcement and support

Additional capacity for enforcement activity to ensure decent quality accommodation across the city has been created with £0.5m investment into the Inspections Team for Dispersed Accommodation and Floating Support Welfare Contact Officers. The investment in the Inspections Team will ensure there is sufficient capacity to make certain that properties are up to standard. The Welfare Contact Officers will ensure oversight and service safeguarding is maintained across all households whilst unallocated to a specific Support Worker. In addition to this, the role will oversee escalation of property issues, chasing progress on repairs and supporting residents who move on.

The team is made up of one Team manager with four FTE Inspection staff starting in post in July 2019. The Inspections Team completed 123 inspections in July and 96 were completed by the Allocations Team. Two FTE Business Support staff began in post in June 2019 ensuring that property inspections were planned in advance of the Inspection staff starting.

4.3.5 Winter Pressures

Adult Social Care winter pressures funding of £279,000 has been agreed which will fund eight posts on a permanent basis to enable successful recruitment and retention of staff linking a Homelessness Support Worker to each of the three Manchester hospitals as well as Mental Health.

4.3.6 A bed every night

The Homelessness Directorate is also supported by significant non-recurrent resources including A Bed Every Night (ABEN).

To meet the commitment to operate ABEN through until June 2020, over 45,000 bed nights are expected to be required for rough sleepers at an estimated cost of up to c.£1.6m - £2m approximately, dependent upon demand. It is expected that a significant majority of these costs will be met by GMCA.

4.3.7 Rough Sleeper Initiative

Funding of £500,000 has been identified and funds a number of different initiatives and services that work together as a Rough Sleeper Initiative (RSI) Partnership. The objectives of the Partnership are to prevent people from rough sleeping and to find accommodation for people already rough sleeping. This includes the following activity:

1. No First Night Out: £42,719 (for at risk clients, housing options and outreach for young people who are sleeping rough).
2. "On the Out" worker: £64,448 (intensive peer led support for people leaving prison).
3. Docherty Project and Kashmir House: £66,546 (resettlement support to increase move on from Docherty Project and Kashmir House).
4. Two additional outreach workers: £84,802.
5. Winter night shelter provision, move on support: £85,600.
6. Eight units of emergency accommodation at Victoria House: £155,932.

This amounts to £500,047 for the 2019/20 financial year.

4.3.8 Rapid Rehousing Pathway programme

A successful bid was made to government for £215,000 for four Navigators and one Team Leader. These posts are attached to the Council's Outreach Team and the Navigators will develop relationships and help people who sleep rough to access appropriate local services, get off the streets and into settled accommodation.

4.3.9 Access Bid

A Private Rented Sector Access Bid of £401,000 has been agreed to increase the existing Private Rented Sector (PRS) offer to landlords, including assistance for deposit and bonds.

4.3.10 Prevention and Flexible Housing Support Grant (FHSG)

The Council has received a further MHCLG Prevention and Flexible Housing Support Grant (FHSG) of £1.005m, which provides additional investment designed to:

- Prioritise prevention activity;
- Carry out homelessness activities in line with the principles of the homelessness reduction act; and reduce or eliminate the use of emergency B&B, particularly for periods over six weeks.
- Provide a Specialist Domestic Violence and Homelessness Service, two Specialist DV&A workers based in the Housing Solutions Service.
- Provide three Housing Solutions Officers, three Team Leaders and one Team Manager to recognise the increase in demand.
- Provide two Visiting Officers until March 2020. A comprehensive review of Centrepoint's commissioned services is in progress, including the Homeless Prevention service. This will make recommendations about future service

delivery to ensure effective use of resources, delivering the best outcomes and maximising homelessness prevention.

- Provide three Children Services Housing Support Officers. MHCLG has recommended that there are Housing Support Officers based in Children's Services, providing advice and support to the directorate. These officers would be based in the localities, working with social workers and Early Help Hubs, providing housing and homeless advice with families and care leavers who could potentially be homeless.

4.3.11 Homelessness Reduction Act new burdens

The Council received £509,000 for the period 2017/18 – 2019/20. The remaining balance of £390,000 at April 2019 is being used to provide capacity to reduce demand, however, given the uncertainty with continued new burdens funding from 2020/21 these arrangements are only short term.

5. Discretionary Housing Payments

In 2019/20, the Council has received a government grant of £2,192,166 and provided for additional expenditure of up to £1,000,000.

As at 14 August 2019, £1,986,785 has been spent and committed, leaving £1,205,381 to spend. Including future payments, 62.24% of the total budget has been spent in comparison to 58.11% at the same point last year.

This includes approximately 40% of the DHP budget that is spent and committed on dispersed and B&B homeless claims.

There is an additional amount of money set aside as a result of the previous year's underspend and this emergency additional budget may have to be utilised by the Council.

6. Welfare Provision Scheme

The budget for 2019/20 is £600,000.

Demand and payments for support continue to increase. As at the end of June 2019, there was an increase in spend of almost £40k when compared to the same point last year and an increase in applications by more than 50%.

The table below shows the number of applications, approval rate and awards made.

	Number of Apps	Approved	Declined	% Approved	Amount spent
June 2019	1468	555	913	38%	£161,843
June 2018	972	408	564	42%	£122,003

A proportion of the increase relates to residents moving from homelessness accommodation or other supported housing into their own property and requiring furniture packages (benefits and white goods etc.).

As a result, it is expected that the budget will be overspent by the end of the financial year should the Council carry on receiving requests and approving payments based on the current demand. There are also concerns in terms of the budget, because there is also an expected increase in requests for fuel poverty grants during the remaining months of the financial year. There is an expectation that this will increase this year due to delays in UC payments and sanctions.

There is an additional amount of money set aside as a result of the previous year's underspend and this emergency additional budget may have to be utilised by the Council.

7. Council Tax Support Scheme

7.1 Background

The localisation of Council Tax Support (CTS) was announced in the 2010 Spending Review and in April 2013 Government transferred administration and responsibility of the Council Tax Benefits (CTB) system from DWP to Local Authorities with the aim of giving councils stronger incentives to cut fraud and get people back into work.

The Council Tax Support scheme was funded with a 10% reduced budget in 2013/14, with each authority designing and implementing a localised scheme and holding responsibility for any shortfall or surplus in the CTS budget. To achieve savings Manchester designed a CTS scheme, which required all working age claimants to contribute to their net Council Tax liability (ranging from 8.5% in 2013/14 to 17.5% in 2018/19).

In April 2014, CTS funding was rolled into the Revenue Support Grant (RSG), where it has been assumed that CTS has reduced year on year in line with the cuts to Manchester's Settlement Funding Assessments (SFA).

In 2018/19, notional CTS funding from Government is estimated at £23.5m, while the cost of the scheme is £38.6m, giving rise to a funding gap of £15.1m. The table below has been produced by the Council and models the loss in funding from 2012/13 to 2018/19 due to CTS.

Manchester CTS Scheme - SFA	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000						
CTB / CTS Scheme Funding	(42,310)	(37,390)	(33,983)	(28,753)	(26,530)	(24,591)	(23,501)
CTS Transition Grant	-	(997)	-	-	-	-	-
Total funding	(42,310)	(38,387)	(33,983)	(28,753)	(26,530)	(24,591)	(23,501)
<i>SFA reduction %</i>			-9.1%	-15.4%	-7.7%	-7.3%	-4.4%
Claimant Council Tax foregone	42,310	39,849	38,763	40,301	40,048	38,750	38,623
Net Loss	0	1,462	4,780	11,548	13,518	14,159	15,122

7.2 Manchester's CTS scheme for 2019/20 onwards

The Council has now introduced a banded CTS scheme for working age residents in receipt of Universal Credit for 2019/20.

The aim is that the CTS scheme remains fit for purpose as working age residents in receipt of welfare benefits are moved onto Universal Credit. The changes are not intended to reduce the cost of the scheme, but are intended to make the scheme easier and more cost effective to administer and less onerous and complex for claimants.

8. Discretionary Council Tax Payment Scheme

The Council's Discretionary Council Tax Payment Scheme (DCTP) is being used to mitigate the impact of the banded scheme and the two-child limit on those hardest hit by:

- Ensuring that those residents on Universal Credit who have lost CTS as a result of moving onto the banded scheme in April 2019 are considered for support from the DCPT budget and;
- Providing support to families in 2019/20 who are impacted by the two-child limit.

The DCTP scheme is also being used to address individual cases where residents make an application for support.

The increased cost of these awards is being funded from the increased revenue from the changes to the Council Tax empty property charges agreed in February 2019. The DCTP is funded through the Council's collection fund and therefore ultimately affects the resources available to the Council.

As at the end of July 2019, £97,210 Discretionary Council Tax Payments had been awarded.

- £11,559 of this was one-off targeted awards to assist those UC claimants whose CTS reduced as a direct consequence of the switch to the banded income scheme in April.
- £75,990 spent to assist families with more than two children (these types of cases are being pro-actively identified throughout the year and additional support awarded automatically).
- £9,662 awarded because of routine applications from residents suffering exceptional hardship.

The service continues to monitor the CTS UC banded income scheme, which, due to the natural growth of Universal Credit at this stage, is affecting an increasing number of residents in this financial year.

9. Collection issues

9.1 Impact on Council Tax recovery

Collection when households have less money is difficult. The approach of providing UC in arrears makes budgeting and paying bills challenging for some households and the initial gap between claim and payment means that many households struggle to maintain payments of core household bills including Council Tax and rent.

A further issue will be the ability to deduct from benefit payments and UC with concerns about delays and the level of debt that a household has and the number of deductions taken from a household's core UC payment. This will need to be monitored in the months and years ahead.

The Council will continue to provide support to households to engage with the Council to pay any money owed, to ensure that any CTS and discretionary support is awarded promptly and to take a proportionate and holistic approach to recovery of money owed.

9.2 Impact on rent collection

The following paragraphs provide data on the impact on rent collection where the housing provider is a partner; linked to the Council's budget position (other key providers are also shown for comparative purposes).

If the housing element of UC does not cover the full rent liability, the claimant can be referred to the Council for help via the DHP budget. The DWP do not provide any further discretionary support towards rent costs.

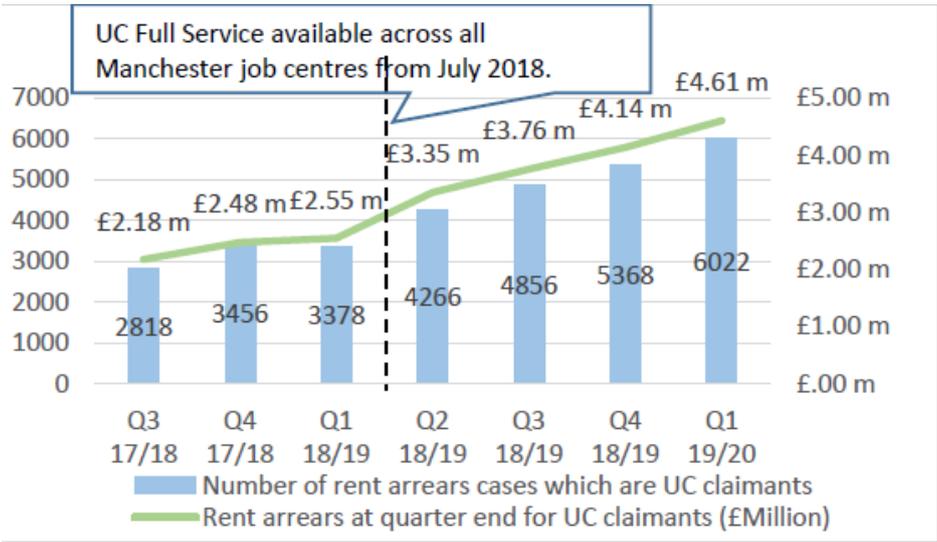
9.2.1 Universal Credit - financial impact on rent collection in the city

Five of Manchester's main social housing provider partners² share quarterly statistics with the Council on the level of housing arrears for Housing Benefit (HB) and UC Housing Payment claimants. This has provided a robust evidence base with which to assess whether and how much the levels of arrears differ between tenants receiving housing payments from the legacy HB system, compared with UC.

One of the main current areas of concern highlighted by the quarterly Welfare Reform Monitoring Report is the disparity shown in the figures between the levels of arrears for tenants on UC and those tenants on HB, with the arrears for those on UC much higher than for those on HB. As the UC caseload continues to rise rapidly, this has led to a corresponding increase in the arrears caseload and the overall amount owed in arrears across the city. Chart 2 below illustrates this increase:

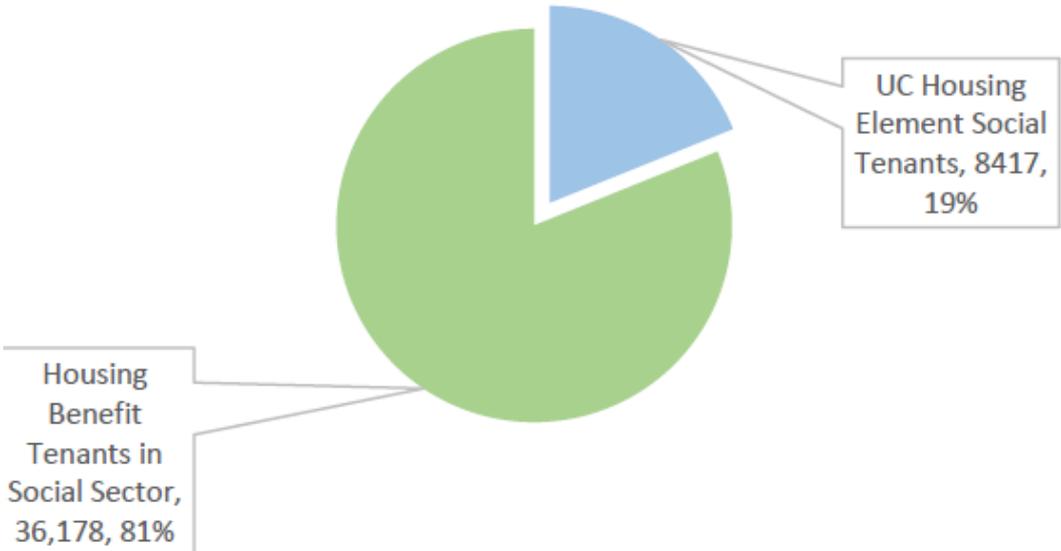
² Data from five key housing providers: Adactus, Southway, Northwards, One Manchester, Wythenshawe Community Housing Group

Chart 2: Total rent arrears for social housing provider tenants, of key housing provider partners in receipt of the UC Housing Payment



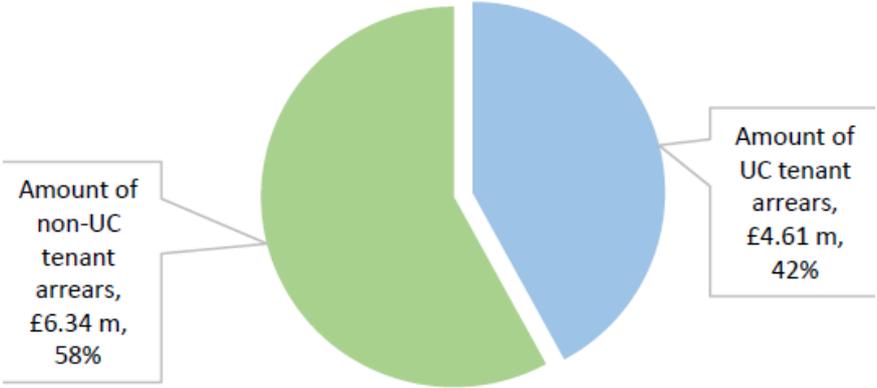
Charts 3 & 4 below illustrate that generally high average levels of arrears for tenants receiving the UC Housing Payment are having a disproportionate impact on the amount of arrears owed across the city. Only 8,417 social tenants in Manchester receive UC Housing Payment³ (at February 2019), roughly a quarter of the amount (36,178) who still receive legacy HB. Despite this, the arrears total for these tenants is £4.6 million, which is 42% of the citywide arrears total (at Q1 2019/20).

Chart 3: The majority of households in the social rented sector still receive legacy Housing Benefit (February 2019).



³ Data Source: Department for Work and Pensions “Stat-Xplore” tool

Chart 4: A disproportionately large amount of social housing arrears is owed by tenants receiving the UC Housing Payment (Q1, 2019/20).

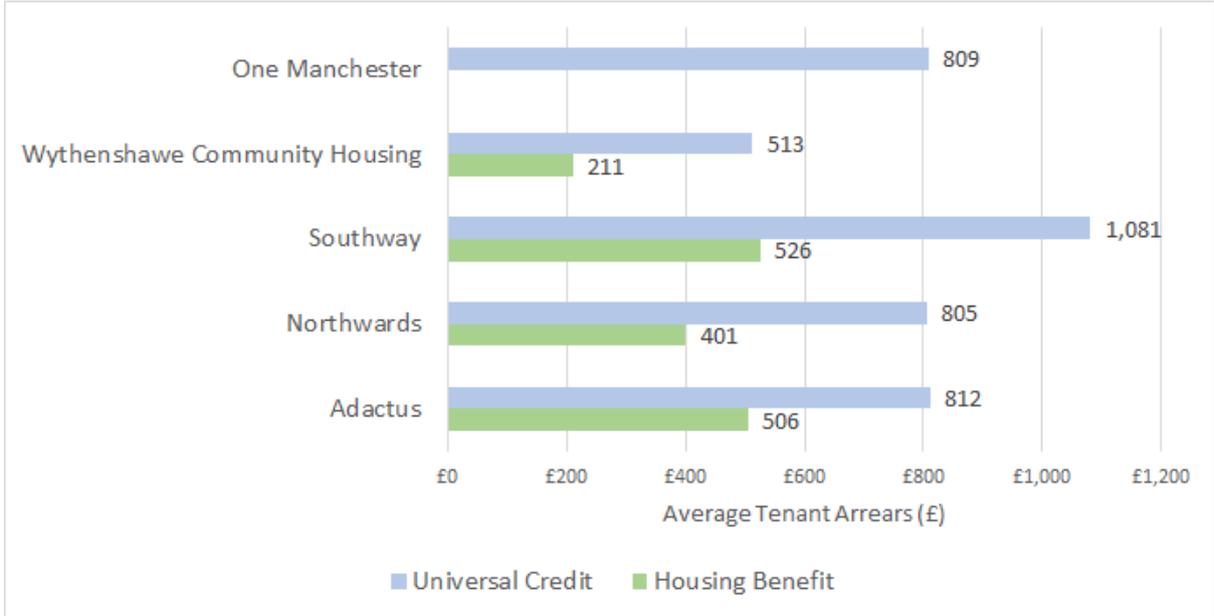


Average arrears owed per UC tenant for individual Housing Providers

Our housing provider partners now share separate statistics on average arrears for UC Housing Payment, and separately legacy Housing Benefit recipients in isolation, so that the gap between the two can be monitored.

As shown in Chart 5 below, this demonstrates that the arrears position is substantially worse on average for tenants receiving UC Housing Payment for all five of the housing provider partners. For Northwards tenants, the average UC tenant arrears were £805 in Q1 2019/20, compared to only £401 for legacy HB tenants.

Chart 5: Average amount of arrears owed per tenant in arrears by Housing Provider: Housing Benefit compared to Universal Credit claimants, Q1 2019/20⁴



⁴ One Manchester do not currently have a report set up to produce the HB arrears average figure, which is why this amount is not shown in the chart.

Sharing the evidence base of the adverse impacts of UC Housing Payment issues on rent collection with the Department for Work and Pensions (DWP) –

The DWP has been undertaking quantitative and qualitative research with the aim of improving the evidence of how UC may influence a tenant's rent arrears for those housed within the social rented sector. This has been conducted with the assistance of eight social landlords nationally, including Manchester's Northwards Housing.

Along with a manager from Northwards Housing, an officer from Performance, Research and Intelligence attended a meeting in July 2019 at DWP Head Office in Westminster, to comment on the DWP's initial findings. The DWP intend to release a formal report setting out the findings in full in autumn 2019.

At the meeting, key supplementary evidence was also shared with the DWP from the Council's Welfare Reform Monitoring Report, which clearly highlights high levels of UC tenant arrears in Manchester, across five different social housing providers. The Council's concerns were also raised in relation to UC tenant arrears in the private rented sector, and this potentially acting as a contributing factor in driving associated risk in some cases of tenants losing their tenancies, and presenting as homeless.

9.2.2 Detailed area analysis

The Council continues to work with Northwards to look at impacts in terms of tenant arrears for UC Housing Payment recipients, at a detailed place level. A set of maps was provided as an appendix to the report to 7 February 2019 Resources and Governance Scrutiny Committee.

The exercise has been repeated using Quarter 1 2019/20 data to see how the picture is developing, as more households continue to start new UC Housing Payment claims.

The map in Appendix 2 to this report shows, for tenants in receipt of UC Housing Payments:

- The percentage of these tenants with over £500 of arrears in each small sub-ward area (Lower Super Output Area), with darker blue colour shading on the map indicating high percentages.
- The average arrears for tenants in each of these small areas (shown as a pound value on each area).

Tracking change in the amount of arrears at area level is not straightforward because;

- We only have data from one housing provider, and the caseload will considerably vary from area to area.
- Clearly, as more households start to claim the UC Housing Payment, the averages calculated will consist of a mixture of both existing and new UC claimants - it will not be all the same tenants as in the last analysis.

However, there are some clear key messages from this analysis that are broadly the same as when the analysis was last conducted. These are:

- In the majority of the small areas assessed, the average arrears were higher for UC tenants than for HB tenants. This is sometimes by a considerable margin.
- The high proportion of UC arrears cases owing over £500 continues to present cause for concern.
- There was a great deal of variety in the average amount of arrears across LSOA areas both across wards and within each ward, showing a complex picture at sub-ward level.
- 50% of UC tenants in arrears have over £500 of arrears, compared to only 25% of HB tenants who were in arrears having over £500 owed.

In more detail at area level, some particular areas of high UC tenant arrears are;

- The central, northern area of Higher Blackley ward, with 69% of tenants with over £500 arrears and average arrears of £1,225.
- Two central areas of Harpurhey ward, with around 60% of tenants with over £500 arrears and average arrears of £900+.
- Central Miles Platting and Newton Heath ward with 60% of tenants with over £500 arrears and average arrears of £912.
- The eastern area of Moston ward, with 60% of tenants with over £500 arrears and average arrears of £986.

Two important points to note are as follows:

- Clearly - as the figures are averages - some tenants will have both significantly higher and lower amounts of arrears. 122 Northwards tenants on UC each had over £2,000 of arrears, approximately 9% of the total Northwards UC arrears caseload.
- Some tenants will have historic arrears which they accrued before they started claiming UC, and which will show up in the UC arrears total. However, the statistics in this report clearly shows a considerable disparity between UC tenant arrears, and that for the much lower average for HB tenants overall across many areas.

10. Financial Support to the Council to provide support to UC

10.1 New burdens to Revenues and Benefits

For several years, the Council's Benefits Service has received some new burdens funding from the DWP within to support the administration of the welfare reform agenda. This is directly attributable to additional work that the Council has been directed to do, including providing support via DHP and other changes including the benefit cap, and under-occupation in the social sector.

In 2019/20, the Council received £175,669 New Burdens funding in recognition of Universal Credit generated workloads. This reflects a reduction on the funding received in 2018/19 because from April 2019 the DWP have contracted the Citizens Advice Bureaux to deliver Assisted Digital Support and Personal Budgeting Support.

10.2 Universal Support

In previous years, the DWP previously had entered into a Delivery Partnership Agreement with councils to provide support services on their behalf. This included personal budgeting support and assisted digital support.

From 2019/20, the model for support provided via councils has changed. The DWP has entered into a national 12-month grant agreement with the Citizens Advice Bureaux (CAB). This provided for £12m to set up and then £39m to deliver a national solution. They stated that their aim is to review this after six months and have a more formal decision for 2020/21.

CAB began delivering the Help to Claim (H2C) service in Manchester from 1 April 2019, following delivery of a similar service called Assisted Digital Support. The H2C service is designed to help those making their first initial application for Universal Credit, up until they receive their first full payment. It does not include the personal budgeting support previously delivered by Shelter in Manchester. Instead, if CAB identify that a client has additional needs such as debt, housing, immigration etc. then they can refer into wider CAB services or signpost to other providers for additional support.

The funding received does not cover managed migration but that is not to say that CAB would turn anyone away if they presented with this issue.

H2C is based in every Jobcentre in Manchester where appointments are booked by the Jobcentre, there is a freephone Help to Claim number 0800 144 8444 where residents can ring for a benefit calculation, advice on how to claim or for CAB to refer to their local bureaux or offer an appointment to assist with the application.

Residents can access the service either by self-referring through the freephone number, webchat or by accessing one of the Digital Hubs, which are in 16 locations across Manchester. Residents can be referred by other partner organisations.

In April and May 2019, the H2C service in Manchester had 584 face-to-face contacts and answered 577 calls through the phone line or web chat, an increase in take up when compared to the ADS service. There has been an increase in demand in Cheetham Hill and CAB have provided an additional member of staff and are now in the Jobcentre five afternoons a week.

The earlier arrangements with the DWP via the Partnership agreement meant that the Council was able to fund Council staff to provide Personal Budgeting Support for UC claimants, which could be used flexibly. It also enabled the Council to fund CAB and Shelter to provide advice targeted to residents in the city where the Council was aware there was greatest need/demand e.g. private rented tenants in the North of the City who do not benefit from the services provided by social landlords. The approach also ensured that it complemented other advice services that were commissioned by the Council. The centralising of this service to CAB via a national contract means that the Council has lost his flexibility.

At this stage, it is difficult to quantify the impact of this change however, there are concerns that Council services may end up picking up some of this demand, as the Council is often the first point of contact without specific funding to support. This could affect libraries, customer services and ward and housing based staff.

11. Conclusions

The cumulative impact of the government's welfare reform agenda and the implementation of Universal Credit is significant, both on the Council's financial position, and on the residents of the city. This is expected to continue in future years.

The Council aims to use discretionary budgets and local schemes to best support and mitigate the worst impacts on residents during this period. This has included providing additional funding to support essential discretionary budgets, as well as maintaining the budget for the Council Tax Support Scheme during wider government cuts to revenue.

Further pressures are expected to budgets for the remainder of the financial year and in future years and additional funding has been requested as detailed in the report.

12. Recommendations

Members are requested to note the content of this report.