

## **UNIVERSAL CREDIT**

**Submitted by:** Head of Revenues & Benefits

**Portfolio:** Communications, Transformation and Partnerships/Finance and Budget Management

**Ward(s) affected:** All

### **Purpose of the Report**

To inform Cabinet Members of an intention to develop amended and updated working practices to assist with the implementation of Universal Credit and other welfare benefit changes.

### **Recommendation**

**That working practices to assist citizens with the introduction of Universal Credit and other welfare reform changes be explored and introduced where practicable.**

### **Reasons**

Universal Credit is the flagship element of the current national welfare reform agenda. It represents a major change to the way welfare benefits are to be delivered. Such a change will impact on many of the borough's citizens. Any transition from one system to another is likely to prove problematic for some service users and the local authority are anxious to mitigate these issues wherever possible.

## **1. Background**

- 1.1 Universal Credit is planned to be introduced from October 2013. It is expected to replace six existing welfare benefits, including Housing Benefits, which is currently administered by local authorities on behalf of the Department for Work and Pensions.
- 1.2 It will be implemented on a phased basis for new claimants or those claimants experiencing a significant change in their circumstances that are of working age but are out of work. From April 2014 this will extend to all working age claimants, with full migration of all claimants by the end of 2017. The exact timetable for the full migration has yet to be established.
- 1.3 From the earliest announcements of plans for Universal Credit, the timescale for such a major reform was considered challenging. Much of the detail of its operation is still to be finalised and with less than twelve months before go live, there are still many issues to be resolved.
- 1.4 Universal Credit will sit within the Department for Work and Pensions and initially their view was that local authorities would not be involved in its delivery. Obviously local authorities have many years successful experience of involvement with the delivery of Housing Benefit and have teams of knowledgeable staff to achieve this.

## **2. Issues**

- 2.1 The whole agenda of welfare reform, of which Universal Credit is only one element, will affect a large minority of our citizens. These citizens are used to the traditional delivery points provided by the local authority to receive help with their claims.

- 2.2 At its heart, Universal Credit is expected to be delivered mainly by self service, over the internet. In addition, regional call centres will be operated by Job Centre Plus.
- 2.3 Existing staff delivering the Housing Benefit service can see this element of their role diminishing over the next few years. They will still be involved with the delivery of the new Localised Council Tax Support scheme but nevertheless this situation is hardly motivational, particularly since 'normal service' will need to be maintained in the meantime, possibly until the end of 2017. In addition, the consequential affects of the welfare reform agenda will place increased demand on the services provided by the Housing Department in providing information and guidance to our most vulnerable citizens.

### 3. **Options Considered**

- 3.1 On behalf of English local authorities, the Local Government Association has been lobbying for the inclusion of current Housing Benefit departments within the Universal Credit model. They recognised that the potential loss of this important resource could be detrimental to both the ongoing delivery of the current system but particularly with the introduction of Universal Credit.
- 3.2 These representations resulted in the Local Government Association asking local authorities to prepare bids around areas of work where they considered they could assist with the delivery of Universal Credit.
- 3.3 A team of senior staff from within the Revenues and Benefits and Housing Department, together with colleagues from Aspire Housing and Job Centre Plus identified a solution that would assist the borough's citizens in their transition to Universal Credit and submitted the appropriate bid documentation to the Local Government Association by 18 May 2012 deadline.
- 3.4 On receipt of these bids, the Local Government Association selected a shortlist of fifteen local authorities to make a presentation about their proposals to Lord Freud, the Minister responsible for Welfare Reform at the Department for Work and Pensions. This was followed by a site visit by the Department for Work and Pensions to further discuss our proposal. All shortlisted councils were named in a speech by Lord Freud at a Local Government Association conference on Welfare Reform on 20 July 2012, which was widely reported in specialist local government media publications.
- 3.5 It was disappointing to discover that Newcastle were not one of the authorities finally selected to take part in the pilot process but equally satisfying to note this was not because of any short comings with our proposals. The Department for Work and Pensions had strictly limited financial resources to support the pilot projects and looked wherever possible for linking assessment criteria with other government priorities, together with selecting a range of different authority types and sizes. The successful authority in Newcastle's grouping also has major issues with internet broadband availability and the department were obviously keen to link in with this because it is the anticipated favoured means of delivery for Universal Credit.

### 4. **Proposal**

- 4.1 Having already committed a good deal of time and effort into working up our pilot bid, there is a firm basis prepared to take the principles of the bid forward even without formal pilot status. The core reason for taking part in the process was to be in the best position to aid our citizens through the various aspects of the changing national welfare reform agenda. Obviously, this rationale still exists with or without participation in a formal scheme.

4.2 An important aspect of formal bid status would have been access to additional funding streams provided by the Department for Work and Pensions to help facilitate delivery. Without this funding there will be a requirement to explore other sources of external funding and the potential to include some of the bids aspirations within other work streams around the welfare reform agenda, such as Localised Council Tax Support.

4.3 Whilst sharing our initially disappointment at not obtaining pilot status, some of our partner organisations involved in the bid have expressed their willingness to continue to participate with our stated aims of assisting our citizens throughout the period of welfare reform, wherever possible.

## 5. **Reasons for the Preferred Solution**

5.1 The business areas affected by the changes to Universal Credit deal with some of our most vulnerable citizens. No doubt some of our citizens will be able to move onto Universal Credit with little difficulty and will be able to avail themselves of the self service facilities that will be provided. However, there will be others that will either need mediated service or full assistance. The continuation, as far as possible, to explore the areas of development contained within our bid will help to provide a safety net for these claimants to ensure they get the assistance they need. Additionally, it will help them to progress towards the self service route wherever possible.

## 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 Universal Credit will contribute towards creating a healthy and active community.

## 7. **Legal and Statutory Implications**

None.

## 8. **Equality Impact Assessment**

8.1 Equality Impact Assessments already exist for the delivery of this service

## 9. **Financial and Resource Implications**

9.1 The West Midlands Regional Improvement and Efficiency Partnership had indicated a willingness to help financially had the bid been successful. They have given a similar indication in respect of any scheme developed at a local level.

9.2 Partner organisations such as Job Centre Plus and Aspire Housing have agreed to provide assistance in delivery of any scheme.

## 10. **Key Decision Information**

10.1 The move to Universal Credit represents a change in the delivery method of a statutory function. A large minority of our residents will be directly affected by this change. Involvement and interaction with our citizens who are having direct experience of the changes to the delivery of welfare benefits will enable the Council to be in the best possible situation to mitigate the impact these changes will bring.

## 11. **Earlier Cabinet/Committee Resolutions**

None.

12 **List of Appendices**

None

13. **Background Papers**

None