

Resources Department, 7 Newington Barrow Way, London N7 7EP

Report of: Executive Member for Finance and Performance

Meeting of:	Date:	Ward(s):
Executive	19 March 2020	All
Delete as appropriate:		Non-exempt

SUBJECT: Scrutiny of Universal Credit – Council's Response

1. Synopsis

- 1.1 In 2018/19, the Council's Policy and Performance Scrutiny Committee undertook a scrutiny of the impact of the roll-out of Universal Credit in Islington. The Committee presented its final report to the Executive in September 2019, setting out findings and recommendations to improve the fairness of the new system and mitigate the negative impacts on local residents and services.
- 1.2 This report sets out the Council's response to the scrutiny report and the actions we will take to respond to its recommendations.

2. Recommendations

- 2.1 To note recent developments relating to Universal Credit as set out in Section 4.
- 2.2 To agree the Council's proposed response to take forward those recommendations that require a government response, as set out in Section 5.
- 2.3 To agree the proposed actions we will take to address the recommendations of the Scrutiny Committee that require a local response, as set out in Section 6.

3. Background

- 3.1 In September 2018, the Policy and Performance Scrutiny Committee launched a scrutiny of Universal Credit and the impacts on residents and services in Islington.
- 3.2 Over the following six months, the Committee heard evidence from a wide range of witnesses, including council services, jobcentre staff, advice agencies and, most importantly, residents themselves who were claiming Universal Credit.

- 3.3 The Committee presented its Final Report to the Executive on 19 September 2019. The main conclusion was that Universal Credit was not working for many residents, often the most vulnerable. The Committee called upon the Government to abandon the introduction of Universal Credit in its entirety. However, recognising that the Government was unlikely to do so, the report set out 19 recommendations mostly aimed at Government but some for the Council and local partners to mitigate the negative impacts of Universal Credit. These are set out at Appendix A.
- 3.4 The Executive received the report and its recommendations. This report now sets out what actions the Council will take in response to the recommendations to reduce the negative impact of UC on our most vulnerable residents and ensure fair access to welfare support for those in need. It also provides an update on recent developments that have a bearing on the issues the Committee identified.

4. Update on recent developments relating to Universal Credit

4.1 Policy and regulations relating to Universal Credit continue to change, often in response to campaigning and press coverage on specific issues. Since the Committee published its report, there have been a number of key developments including:

End of the benefit freeze

- 4.2 The Committee recognised that some of our most vulnerable residents might never be able to work, and called for the welfare system to provide an adequate safety net for those who really need it (Recommendation 1).
- 4.3 Most working age benefits have been frozen since April 2016 whilst the cost of living has continued to rise, causing hardship for many low income households. On 3 November 2019, the Department for Work and Pensions (DWP) confirmed that the benefit freeze would end in 2020, and that working age benefits Universal Credit and legacy benefits would rise by 1.7% from April 2020, in line with the Consumer Price Index rate of inflation. A further announcement on 13 January 2020 confirmed that the Local Housing Allowance (LHA) would also be increased by 1.7% from April 2020.
- 4.4 However, this will not bring benefits back in line with living costs. Nor does it address other measures that have reduced benefits such as the Bedroom Tax and Benefit Cap, the two-child limit for child support, changes to disability benefits, or the lower rate of Universal Credit for under 25s, including young parents.

Severe Disability Premium

- 4.5 The Committee identified disabled people as being particularly impacted by Universal Credit, and called for immediate compensation for disabled people who had lost their entitlement to Severe Disability Premium as a result of moving to UC, and for the premium to be included in UC beyond the transitional protection period (Recommendation 1).
- 4.6 Earlier this year, two High Court rulings that found discrimination in the way the Department for Work and Pensions (DWP) had applied Universal Credit to disabled people. On 22 July 2019, the then Secretary of State for Work and Pensions, Amber Rudd, confirmed that those claimants who had previously been entitled to SDP before they moved to UC would be compensated. They would receive backdated payments covering the period since their move, together with ongoing transitional payments reflecting the severe disability premium to which they were previously entitled. The rate of payments were also reviewed to provide increased support for the most vulnerable claimants would receive up to £405 per month alongside their UC award, increased from the previous proposed maximum of £360.

- 4.7 The Secretary of State also announced that no further SDP claimants would move to UC until April 2021, even in the event of a change of circumstances. However, from April 2021, SDP claimants will start moving to UC, either through natural or managed migration and have access to the new payments made available to those who have already moved over.
- 4.8 Whilst this partly meets the recommendation of the Committee, SDP transitional payments fall short of the level of support received by those who remain on legacy benefits, and the measures only compensate existing claimants newly disabled claimants will be entitled to less support than those who applied under the legacy benefits system. Furthermore, transitional protection is not permanent, so only offers a time-limited solution there is still the risk that disabled people will be worse off under UC. This income is vital for essential living and care costs. The reduction is likely to hinder disabled people's ability to complete basic daily tasks, adding a further burden to a social care system, already at breaking point.

Single Household Payments

- 4.9 The Scrutiny Committee called for the end of single household payments, and in the meantime, that the payment should go to the main carer where there are dependent children (Recommendation 2).
- 4.10 In January 2019, DWP announced that UC payments would go directly to the main carer in the household for new claims. This followed a successful challenge by four single mothers in the High Court, and lobbying from domestic abuse support groups such as Refuge and Women's Aid.
- 4.11 This change is welcome but does not fully address the issue. Couples with no children still require the victim of domestic violence to disclose to jobcentre staff, who have the discretion to temporarily split UC payments between members of a couple on exceptional grounds of financial / domestic abuse. However, the extremely low number of split payments nationally indicates that victims of domestic violence are unwilling to disclose their circumstances to DWP staff.

Childcare costs

- 4.12 Parents on Universal Credit are able to claim up to 85% of childcare costs. However, payment is made retrospectively on receipt of an invoice, causing hardship for families who do not have the resources to pay upfront, and acting as a real disincentive to taking up work. The Scrutiny Committee recommended that the childcare element of UC is paid up-front, to help parents move into employment (Recommendation 3).
- 4.13 In January 2019, DWP announced that, where the first months' childcare costs prevented a claimant from starting work, they should be supported through Flexible Support Fund, which is allocated to each jobcentre to help address barriers to work. Jobcentres were also advised to be flexible when parents were unable to provide evidence of their childcare costs within the onemonth reporting period and, more recently, DWP announced that those who claim the childcare element of UC will have an additional month to report their costs.
- 4.14 These changes are an improvement but do not fully address the issue. The award of Flexible Support Fund by jobcentres is discretionary parents need to ask their work coach for a grant and there is no guarantee this will be agreed. There is also a limit to the number of weeks that the grant can cover even where a parent is awarded Flexible Support Funding to cover the first month of childcare costs, they may not receive their first payment of UC in time to meet second / subsequent month(s) childcare costs.
- 4.15 There is also a potential issue for separated parents, where the main carer gets the child element. Children may experience hardship when they are with their other parent, and emerging evidence

suggests that paying child maintenance can push parents into poverty. Research found that separated parents without the main responsibility of childcare have a poverty rate of 30% compared to 21% amongst working adults. A report by the Social Security Advisory Committee (October 2019) called on the government to do more to ensure that welfare and child maintenance systems support the welfare of both parents and children in the case of separation.

Access to data

- 4.16 The Committee found it difficult to access evidence on the number of residents who were potentially in crisis as a result of a delayed or failed UC claim. They called on the government to enable local DWP offices to collect and share with councils and other local partners data on referrals to foodbanks, hardship payments, claimants who do not receive their first payment on time, and failed claims (not completed or refused) with reasons why (Recommendation 4).
- 4.17 Since the Committee published its recommendations, DWP have started publishing data on payment timelines for new UC claims and all UC claims indicating what percentage of claimants received their full payment, some of their payment, or none of their payment on time. Data for April 2019 showed that only 72% of Islington new UC claims received full payment on time, compared with 80.4% nationally. More recent data for July indicates an improvement (though still not ideal) with 87.3% of new claims being paid in full on time, compared to 88.4% nationally. This data has informed discussions with local DWP to identify and address causes of delays.
- 4.18 However, other data recommended by the Committee is not yet routinely available.
- 4.19 The Council has signed an open letter from Policy in Practice to DWP asking for local authorities and other partners to have access to data about residents who are claiming UC. We have also subscribed to the Policy in Practice Low Income Family Tracker, which provides details of all households in Islington who are in receipt of Housing Benefit and / or Council Tax Support, which includes an assessment of the impact of moving to UC. We are using this data proactively to target support with Universal Credit and other services.

Funding for Citizens' Advice

- 4.20 The Committee recognised the vital role played by Citizens' Advice in providing support for residents moving to UC through the Help to Claim service. They called on the government to ensure adequate funding going forward to meet demand. In Islington, Citizens' Advice has used the funding to provide an advisor in each of the two jobcentres, and feedback is that this is working well. However, funding is only to the end of March 2020.
- 4.21 Citizens' Advice have been in discussions with DWP at a national level about ongoing funding for Help to Claim. A decision was due in mid-January however the General election has pushed back national decision-making and negotiations with the DWP are still ongoing. In the meantime, the current allocation and arrangements will be rolled over to Quarter 1 April June 2020. DWP are expected to announce details of future funding, including allocations for each local CA Help to Claim service during this period.
- 4.22 Islington Citizen's Advice Help to Claim service has been one of the best performing in the country. The model is working well and the service supported almost 900 vulnerable residents to make a UC claim in the period April to December 2019, the majority of these through face to face support with advisers in the two jobcentres. However, feedback from our local CA is that, whilst Help to Claim covers the claims process up to receipt of the first full payment, they are starting to see a number of people who have issues with their second and subsequent payments, which are not covered by the Help to Claim contract. There is a gap in terms of support for maintaining a claim. The Council

calls on Government to supply adequate funding to CA and to local authorities to meet the demand for help with claiming and on-going issues associated with UC.

Housing element – payments to social and private landlords

- 4.23 Recommendations 10 and 11 focus on how both claimants and landlords have struggled with the arrangements for rent verifications and direct payments to landlords (alternative payment arrangements). On 16 December 2019, Neil Couling, the DWP lead for Universal Credit, wrote to councils and other registered social landlords setting out changes to improve the way housing costs are paid to UC landlords:
 - Managed Payments (Alternative Payment Arrangements) will be aligned with the claimant
 assessment period: currently APAs are paid to landlords on a four weekly basis whereas
 claimants receive monthly UC payments. A small scale test with a small group of social
 landlords will align Managed Payments with the claimant assessment period so that landlords
 receive the housing element at the same time tenants receive their payments
 - Landlords will receive a daily schedule of tenant housing cost payments where there is a
 Managed Payment in place through the Landlord Portal (to be rolled out to all social landlords
 early 2020). The service will also be enabled to pay Private Sector landlords where a Managed
 Payment to Landlord is in place
 - Managed Payments will use a reference number that is either the tenancy reference or the tenants postcode and full name – currently social landlords receive bulk payments and have to match these to individual accounts
- 4.24 These changes will go some way towards helping landlords administer receipt of housing costs. However, they do not address the fundamental problem of the five week waiting period, which has led to increased rent arrears and hardship for tenants as they transition to Universal Credit, with a direct impact on the Council's housing, rental income, and other support services.
 - Recent reports on Universal Credit
- 4.25 The Council is not alone in calling for significant changes to Universal Credit. A number of other high profile reports reflect the concerns of the Committee and the Council. These include:
 - All Party Parliamentary Group: 'What needs to change in Universal Credit'
- 4.26 An All Party Parliamentary Group on Universal Credit has undertaken a comprehensive look at all aspects of UC. Their report What Needs to Change in Universal Credit (July 2019) sets out a checklist of practical solutions that would improve the experience of claimants, including:
 - Abolition of the five week wait, rigid assessment period income rules, single household payments, the two-child limit and mixed age couples rules
 - Benefit rates to rise by 2% above inflation for next 4 years
 - Benefit rates for all elements of UC to be reassessed to provide a minimum standard of income for benefits claimants
 - Restoration of Local Housing Allowance rates so they accurately reflect the 30th percentile
 - Transitional Protection payments for those losing out on natural migration
 - Re-introduction of work allowance for single and childless couples
 - Work allowance introduced for second earners

Trussell Trust Report - State of Hunger 2019: impact of UC on food banks

4.27 The State of Hunger 2019 report, compiled by Heriot-Watt University for the Trussell Trust, found that welfare changes were a key factor in the sharp increase in food bank use and the reemergence of extreme poverty in the UK over the past seven years. The study found five key

welfare policies – the rollout of Universal Credit, increases in benefit sanctions, the bedroom tax, the benefits freeze and the withdrawal of disability benefits – had "sizeable and significant effects" in pushing up demand for food parcels. There was "clear and robust evidence" of people struggling on the lowest rungs of the income ladder being pushed rapidly into destitution when their already tight budgets were broken by benefit payment delays, cuts, deductions or sanctions.

- 4.28 The Trussell Trust has called on ministers to make urgent changes to the benefits system, including removing the five-week wait for a first Universal Credit payment and uprating the value of benefits.
 - Work and Pensions Committee Impact of natural migration
- 4.29 In July 2019, The House of Commons Work and Pensions Committee published its latest report looking at the process of migration from existing benefits (the legacy system) to Universal Credit. Transition to UC is either by natural migration, when the circumstances of claimants change, or through managed migration, which will apply to all remaining claimants of legacy benefits as part of the wider roll out. When the policy was first announced in 2010, roll out of UC was expected to be complete by 2017, but the timetable has been delayed now not expected to be fully implemented until 2023-24, by which time 62% of claimants are projected to have moved to UC via natural migration, and will therefore not have access to transitional protection.
- 4.30 The report recommends that DWP make ongoing payments to meet any shortfall in income for all households with any level of disability, including children with disabilities, who lose out when they move to UC. It also recommends that DWP allow people on legacy benefits to remain on legacy benefits for a grace period of one year after the death of a partner; the DWP should provide them with transitional protection for their housing element for twelve months, as in the legacy system.

5. Recommendations for government – Council response

- 5.1 The majority of the recommendations put forward by the Committee (recommendations 1 to 14) will require government action to bring about policy or operational changes. These are set out in full at Appendix A but, in summary, the Committee has called for:
 - Benefits payments to be adequate to enable a reasonable quality of life for those who rely on them, with a reduction in the taper to help in work poor, and immediate compensation for severely disabled people who lost their Severe Disability Premium when they moved to UC (1)
 - Single payments to households to be scrapped in favour of split payments, with immediate measures to pay UC to the main carer or where there is risk of domestic / financial abuse (2)
 - Childcare costs to be paid up-front, rather than reimbursed, to help parents move into work (3)
 - Information on hardship / crisis support and failed claims to be available to DWP at a local level, and shared with local authorities to help drive improvements and target support (4)
 - Adequate / ongoing funding for Citizen's Advice to provide help to claim (5)
 - Improvements to the claim process to make it easier for vulnerable people including access to a paper copy of the claim, more flexible arrangements around backdating, and not requiring those unable to work to agree to the commitment that they are free to work (6)
 - Removing the minimum income floor for self-employed people so that they receive the same support as employed people on UC (7)
 - New measures to make it easier to provide evidence for a UC claim including rent figures for private renters, evidence for Habitual Residency Test – and for those on benefits for years not to be required to prove re-eligibility (8)

- Information on access to food banks and advice on healthy eating to be made available at jobcentres and via Help to Claim services (9)
- The housing element of UC to be paid directly to social landlords, rent figures provided by 'Trusted Partners' to be accepted, and annual rent changes to be entered directly on the Landlord Portal without the need for rent verification requests (10)
- Simplified system for paying rent directly to private landlords (11)
- The current level of services / work coaches at local job centres to be retained or increased,
 and best practice for those job centres with higher claimant satisfaction to be rolled out (12)
- The minimum five week waiting period for the first payment to be reduced, and the period over which advance loans are repaid to be increased to at least two years (longer for cases of hardship) with immediate effect (13)
- Adequate funding for Local Authorities to meet the additional costs of UC (14)

Response:

- 5.2 The raft of recent and ongoing changes to Universal Credit demonstrate that evidence-based campaigning and ongoing dialogue with DWP can bring about changes to UC. However, whilst the Council welcomes the changes set out above, they do not fully address the issues identified by the Scrutiny Committee.
- Perhaps the single biggest issue with Universal Credit is the deliberate five-week waiting period, which is pushing so many families into debt and hardship. Other key issues for Islington include the problem for parents of meeting childcare costs upfront, and the Right to Reside and Habitual Residency Tests, which are being applied rigorously we have anecdotal evidence of residents who have lived in Islington for years being refused Universal Credit on these grounds.
- 5.4 The Council responses to the committee's recommendations for government are as follows:
 - The Executive Member for Finance, Performance and Community Safety will write to the Secretary of State for Work and Pensions requesting urgent consideration of the recommendations arising from the scrutiny that require action from the government
 - The Council will continue to engage with DWP, at a local and national level, and respond to
 calls for evidence from parliamentary committees, London Councils and other forums in order to
 identify and address existing and emerging issues relating to Universal Credit
 - We will undertake urgent research into an emerging issue in Islington the application of the Habitual Residency Tests under Universal Credit - to ensure that this policy is being fairly applied and not discriminating against non-UK residents
 - We will continue to collect and analyse local data and resident feedback to provide robust evidence to inform future campaigning, responses and discussions to improve the experience of people claiming Universal Credit.

6. Recommendations for local action

- 6.1 The Scrutiny Committee made five recommendations for action at a local level by the Council and its partners. These are set out below, together with the actions we will take in response to them.
- 6.2 **Recommendation 15** proposes that the Council should continue to support the voluntary advice sector and, where possible, assist in increasing the capacity of specialist advice services. It also calls for the Council to engage with VCS and statutory partners in a Universal Credit Forum to share information and experiences of UC in Islington to provide evidence to Government.

Response:

- 6.3 Continued support for specialist advice services: The Council's £3m VCS grants scheme includes £1.4m for independent advice provision. The current programme is due to end in 2020 and applications for the new four-year programme opened from January 2020, with a view to contracts starting in September 2020. The new programme will retain the current £1.4m for advice. This will include £100k ring-fenced for small community organisations, alongside core funding grants for specialist advice services. As part of their contract, specialist providers are expected to provide training and support to smaller organisations, including training on Universal Credit.
- 6.4 Setting up a Universal Credit Forum: The Council is already engaged in a number of cross-cutting meetings which include a focus on Universal Credit and enable the gathering and sharing of evidence:
 - Islington Debt Coalition brings together a range of partners to focus on tackling debt
 - Islington Strategic Advice Partnership, facilitated by the Council's VCS Development Team, brings together independent advice providers in the borough to share information and coordinate advice provision, including on welfare benefits. The partners also deliver a programme of training on UC for community organisations
 - An internal Universal Credit Board, chaired by the Executive Member for Finance, Performance and Community Safety, provides a strategic steer on the Council's approach to UC, whilst a Universal Credit Working Group, with sub groups for Housing, and Family Support, monitor the impact of UC in Islington and coordinate activity and communications
 - Regular strategic and operational meetings with local DWP leads, including the lead for UC
 claims processing in Belfast, provide the opportunity to identify and address issues, and
 escalate those that cannot be resolved locally but require a Government response
- In addition to these regular forums, the Council is also taking part in a pan-London research project that replicates the Safe as Houses reports. The Safe as Houses report was conducted by the Smith Institute in late 2016 to look at the impact of the roll out of Universal Credit in Southwark, Croydon and Peabody/Family Mosaic, with subsequent reports in 2018 and 2019 focused solely on Southwark. The research will be conducted by the Smith Institute and led by London Councils. By using a larger evidence base, it will aim to show the true effects of Universal Credit and be used to lobby the DWP to make changes. It is expected the report will be available in the second quarter of 2020.
- Therefore, whilst we recognise the potential value of a new UC Forum, we feel that the current set of arrangements provides an effective mechanism for identifying issues and sharing data and evidence on the impact of UC, including escalating issues to government and responding to calls for evidence e.g. from the Work and Pensions Select Committee. We will ensure that evidence gathered through these various meetings informs calls for improvements to Universal Credit.
- 6.7 **Recommendation 16** calls for additional support on Universal Credit to be provided for vulnerable groups who may struggle with the transition to UC, including disabled people, those with mental health problems or learning disabilities and BME communities.

Response

6.8 The new grant programme for advice includes a new strand of £100k for Community Advice in recognition of the additional needs of vulnerable resident groups. There is an element of outreach advice within the advice strands to ensure reach into vulnerable resident groups. In addition to providing core funding for the advice sector, the Council's VCS Grants programme includes funding

streams for groups who support residents with protected characteristics, including disability, BME communities and those with Mental Health issues. We will work with specialist advice partners, and our own Income Maximisation Team, to ensure that VCS organisations representing the above groups have access to information, training and referral routes for clients who need help with the transition to UC.

- 6.9 In addition to the grants programme, the Council's VCS Development Team also supports local organisations to apply for external funding streams. In November 2019, the Government announced a new £10m Universal Credit Transition Fund to deliver outreach programmes to help vulnerable people make UC claims. It will be available to partner organisations across the UK, including charities, from April 2020 to help vulnerable people, including disabled people, care leavers and those with mental health issues, claim Universal Credit as a route into work. We will use existing networks such as Voluntary Action Islington, the Islington Debt Coalition and the Islington Learning Disability Partnership to raise awareness of this funding and support local VCS organisations who represent the most vulnerable groups to apply.
- 6.10 **Recommendation 17** aims to ensure that residents have access to up to date information on Universal Credit through a range of sources including Council publications, online, and in councillors' ward surgeries. It also suggests a communications strategy is developed as and when we have confirmation of the timeline for managed migration.

Response

6.11 A range of information and support on Universal Credit is already in place including general messages and more targeted interventions. Current interventions include:

Generic information

- Dedicated Universal Credit page on the Council's website and the websites of advice partners
- General leaflet for the public explaining what UC is and where to access support distributed to frontline services across the borough (libraries, VCS groups, Childrens Centres etc.)
- Factsheets for frontline staff setting out criteria and processes for UC
- A council funded conference delivered by advice partners to update the voluntary and community sector on UC, together with training courses for VCS delivered by advice partners
- Displaying information on upcoming meetings of a local claimant support group Know Your Rights (set up by London Unemployed Strategies) which provides a discussion forum for those on UC and other benefits. The group meet monthly in various community venues across Islington and can help people understand their entitlements and issues with their claims

Targeted support

- Letters sent to council tenants, once we are advised they are moving to UC, setting out key facts on UC (including responsibility to pay rent) and where to access further support
- Letters sent to those council tenants who have moved to UC but have not made a claim for Council Tax Support to advise them that they may be entitled and offer support
- Letters sent to lone parents whose youngest child is due to turn 5 children (who will then need to move from Income Support to UC) to advise of where to get support we are also exploring how to get information to parents through schools e.g. workshops or leaflets in bookbags
- Letters sent to mixed age couples who might be impacted by a change in policy relating to Pension Credit. From May 2019, mixed age couples who had not claimed Pension Credit would potentially be worse off as they would now not be able to claim Pension Credit until both members of the couple are of retirement age. The letter provided information on the change

- and encouraged them to claim Pension Credit, with details of how to get support through our IMAX team
- Leaflets for households moving from temporary accommodation to permanent accommodation
- Leaflets for private renters with changes of circumstances
- A dedicated Universal Credit Support Team with a first point of contact (manned by Housing Income) located in the Customer Centre and referrals to other support e.g. through IMAX, iWork, and Housing Needs
- 6.12 We are currently analysing data through the Policy in Practice Low Income Family Tracker, as part of a focus on prevention and early intervention, to identify those groups who would most benefit from targeted support e.g. around Universal Credit, benefit take up, housing, employment and family support.
- 6.13 As soon as the timeline for managed migration in Islington is confirmed, we will develop a Communications Strategy, to ensure that the thousands of residents who will be required to transition from legacy benefits to UC have access to clear and helpful information and support. We will seek input from the UC Board and from the Policy and Performance Scrutiny Committee as we develop our approach.
- 6.14 **Recommendation 18** calls for the Council to talk to other social landlords in Islington to agree a common approach to tenants who fall into arrears during the 5 week assessment period.

Response:

- 6.15 The Council is a member of the Islington Housing Group (IHG), which brings together key social landlords in the borough. IHG have been working together to share best practice on responding to Universal Credit. This includes holding a workshop to share ideas on ways of working, solutions and sticky issues. The workshop was well attended and there were presentations from DWP, the council and Peabody Housing. There are follow up actions to help improve local knowledge and sharing of changes. The IHG is made up of the organisations who have the largest amount of stock in Islington, together with a couple of local housing associations. Working to a single approach is not possible, as most organisations are regional or national and thus subject to organisation-wide processes and policies. The IHG group will continue to use meeting to share best practice and identify opportunities for further collaborative work.
- 6.16 **Recommendation 19** requests that the Policy and Performance Scrutiny Committee receives regular updates on performance relating to UC.

Response:

6.17 An update on Universal Credit will be presented to the Policy and Performance Scrutiny Committee on a six-monthly basis. This will include latest policy announcements from government and emerging issues at both national and local level, together with data on the impact of UC in Islington for instance, DWP statistics on numbers of UC claimants and payment timelines, data on tenants on UC and rent arrears, and take up of support services such as Advice, Resident Support Scheme, referrals to the Food Bank, and UC claimants supported by IMAX and IWork.

7. Implications

Financial implications:

7.1 There are no additional financial implications arising from this report. The Council already provides grants to the voluntary and community sector to support the provision of advice and support to vulnerable residents. The intention is to continue this programme.

Legal Implications:

7.2 There are no legal implications relating to this report.

Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

7.3 There are no environmental impacts arising from this report.

Resident Impact Assessment:

- 7.4 The proposed responses set out in this report aim to address the negative impacts of Universal Credit on the most vulnerable residents in Islington. This is in line with the Council's legal duty.
- 7.5 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Final report clearance:

Background papers: None

Appendix 1: Recommendations of the Policy and Performance Scrutiny Committee.

Satur Cur:

Signed by:

11 March 2020

Cllr Satnam Gill Date:

Executive Member for Finance and Performance

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Universal Credit Scrutiny: Recommendations

The Committee wish to highlight that the introduction of Universal Credit is a Government Policy, and has not been introduced by Local Authorities. The Committee therefore are of the view that an effective challenge to the Government should be mounted, where appropriate on Universal Credit, and that it should communicate its actions to residents.

The Committee are of the view that Universal Credit is not working for many residents, often the most vulnerable residents, and therefore request the Government to abandon the introduction of Universal Credit in its entirety.

The Committee also call on the Government to recognise that the introduction of Universal Credit has placed a significant financial burden on Local Authorities, and other social housing providers, in respect of rent arrears/housing issues. The Government should ensure that Local Authorities are funded adequately to compensate them in this regard, due to the introduction of Universal Credit

Given the above, and the fact that the Committee are of the view that the Government is not likely to halt the introduction of Universal Credit, the Executive be recommended to approve the following recommendations to be directed to Government, and for action by the Council:

Recommendations for Government

1. That the Government should recognise that there are a significant number of people who will never realistically be able to access sustainable work, due to ill health, disabilities, or caring responsibilities. The Government should also recognise that a number of those people having to claim Universal Credit are the 'working poor', and ensure that the welfare system, through Universal Credit and other benefits, provides adequate funding to enable all these people to have a reasonable quality of life.

The Committee believes that reducing the taper amount for the benefit earnt over the work allowance from £0.63 to £0.60 will provide much needed support for the working poor, those with children, or with limited capability for work. The Government should immediately compensate those severely disabled people that have lost out by moving onto UC, and losing their severe/enhanced disability premium. The Government should take immediate steps to include disability premiums into UC permanently beyond a transitional protection. This is vital for essential living and care costs. The lack of them is likely to hinder disabled people's ability to complete basic daily tasks, adding a further burden to a social care system, already at breaking point.

- 2. That the Government should ultimately scrap single household payments, and make 'split payments' standard. In the meantime:
 - (a) In circumstance where there are dependent children, Universal Credit should be paid to the main carer of the children
 - (b) Effective measures should be put in place to cater for circumstances where single household payments may cause financial hardship/or put one partner at risk of abuse

The Committee noted that those suffering domestic violence etc. are often reluctant to request 'split payments', due to the fear of their partner finding out. The position of the DVA sector is to scrap single household payments under UC, and make split payments for couples standard as part of a new Government Bill on domestic abuse.

3. That the Government should address the issue of childcare support for parents wishing to move back into work, and ensure that the childcare element of UC is paid immediately, rather than until they are able to submit receipts for child care.

The Committee noted the difficulties placed on parents, in that when claiming UC, they do not receive the childcare element until they can submit receipts for childcare. The flexible support scheme currently in place is discretionary, and can only be paid for a few weeks, therefore parents will have to pay child care costs before being reimbursed through UC. This is a disincentive to parents wishing to return to work, and should be addressed if the intention of the Government is to encourage people back into work.

- 4. That the Government should ensure that local DWP offices have access to, and are able to share, with the Local Authority and partners
 - a. Numbers of claimants being referred to foodbanks
 - b. Number of hardship payments
 - c. Monetary amount of hardship payments, as an average
 - d. Number/% of claimants who do not receive their first payment in full on time (and data as to reasons why)
 - e. Failed claims where residents have not completed their claim, or are refused UC, and reasons why

The Committee heard evidence that some of the most vulnerable members of the community were waiting longer than the initial 5 week assessment period to receive payment of UC. The Committee felt that lack of access to this information meant that claimants were not able to challenge the delays, and this led to hardship. The Committee also heard evidence that it is important for the Council/Partners to have data to enable them to assist claimants who are in hardship, and to analyse reasons why claims have been delayed or failed, in order for support to be provided in these areas for claimants.

5. That the Government should fund Citizens Advice properly, in order to provide the level of service needed to assist claimants with their UC claims.

The Committee are concerned that Citizens Advice are having difficulty coping at present/will not be able to cope in future, with the level of assistance that claimants will need, especially when full migration takes place. Our view is that inadequate levels of funding have been allocated to Citizens Advice in this regard.

6. That the Government should

- (i) Introduce a paper copy of the UC claim form, due to the difficulties that the learning disabled, those with mental health problems and carers, in particular, as well as those claimants who are unable to use/access a computer who are on low incomes, are facing in completing 'on line' forms
- (ii) Introduce a more flexible approach to backdating of UC payments for those claimants who experience difficulties in claiming
- (iii) Remove from the 'online' claim form the section that claimants have to complete, stating that they are available for work or make an alternative available

The Committee heard evidence that claimants/carers are often 'timed out', when completing the 'online' form, and this leads to frustration for carers and claimants, particularly those with disabilities. In addition, some claimants may never be able to work, or have limited work capability, but have to complete this part of the form. This question should be removed from the 'online' claim form, or an alternative made available, in order that claimants can complete the form with an option stating why they are not available for work/have limited work capability.

7. That the Government should ensure that self- employed people receive the same amount of support through UC, as employed people. This can be achieved by removing the minimum income floor for self-employed people.

The Committee heard that self-employed people are amongst those that can lose up to £200 per month when transferring to UC. It can be difficult for those that are self-employed to budget with an irregular income. The minimum income floor makes an assumption of how much self-employed people will earn. If they actually earn less than their minimum income floor in a given month, this means that they will be treated less favourably than others on UC. The Committee believes that the minimum income floor should be removed, and that self-employed people should have their UC entitlement calculated on their actual income.

- 8. That the Government, should make it a statutory requirement for private sector landlords to provide tenants with information on their rent, in a timely manner, to support their UC claim. This will also assist with regard to the difficulties, in relation to the provision of some claimants of information to support their application for Universal Credit, e.g. information to support the Habitual Residency Test. The Government should also introduce other measures, in order to ensure claimants can more easily provide information on their status, in order to support any claim for UC. The Government needs to recognise that
 - People on low incomes, and many of the most vulnerable within our society may struggle more than others to prove their citizenship
 - Work Coaches should be concentrating on helping people into employment, which is the aim of Universal Credit, rather than acting as home office officials
 - Those transferring to Universal Credit should not be penalised if they have been on other benefits for some years, having originally claimed benefits at a time, when the documentation requirements were not as strenuous as they are now. People should not have to prove re-eligibility to claim, but should be transferred smoothly to Universal Credit

The Committee heard evidence of residents struggling to provide the evidence to verify their claim or to meet the Habitual Residency Test to be eligible for UC. The Committee heard evidence of a teacher who had worked in Islington for many years, but on coming back from holiday found her UC claim had been rejected. Such problems lead to delays and hardship, and the need for claimants to seek legal advice through support partners.

9. That the Government should ensure that Job Centre/Citizens Advice staff provide adequate information to claimants/Local Authority on the availability of food banks/offer advice on healthy eating. The Government should also provide data on the number of hardship payments made, the amount of such payments, claimants that do not receive their full entitlement, within the agreed timescale, and reasons for such late payment, together with the number of referrals made to Food Banks. This information should be provided on a regular basis.

The Committee were concerned that there is a lack of information being made available by /JCP and Citizens Advice staff not referring claimants to Food Banks. Given that the Government has admitted that the use of Food Banks has increased significantly since the introduction of UC, and often claimants are the 'working poor', (the group that UC claimed to have been introduced to assist) this information should be made available to claimants.

10. That the Government should pay the Housing element of UC directly to social landlords, making the process more efficient. The Government should also accept rent figures provided by 'Trusted Partners,' and should allow them to enter annual rent charges on the Landlord Portal. This would assist in avoiding the need for large volumes of rent verification requests

The Committee heard evidence that the 5 week assessment period is too long and leads to hardship, especially for vulnerable residents. This leads to a spiral of debt, and rent arrears for claimants, arrears for landlords, and reduces the amount of money available to claimants in the

future, as the advance payment has to be repaid from future UC payments. The numbers of alternative payment arrangements and advance payments required confirm that these are not an exception, the system needs to be improved. Making the changes suggested will benefit all parties in the process, and make the process far more efficient.

11. That, whilst it is noted that claimants can request Alternative Payment Arrangements, there should be a simplified system for rent to be paid directly to Private Sector Landlords, given that this is an area where evictions are more likely to occur, arising from rent arrears accruing, due to delays in UC payments to claimants. The Government should put in place measures to address this.

Please note Committee's views on APA's outlined at recommendation 9 above. However, if APA's are to continue, the Committee noted that whilst there is a system in place for APA's to be made available to 'trusted providers', such as Local Authorities, this is not the case for private landlords, although a pilot has been introduced by the Government. The Committee are of the view that the Government should also accept rent figures quoted and accept referrals for APA's from 'trusted providers' without the need to check further. This will make the process more efficient.

12. That the Government should protect the services currently offered to claimants by Job Centres, and that there should be no reduction of services. The Government should also ensure that 'work coaches' are at least retained at the current level, if not increased. Best practice should be 'rolled out' across all Job Centres, where there is a high satisfaction level amongst claimants.

The Committee noted and welcomed that a recent limited survey of claimants had shown high levels of satisfaction with the service provided at the Barnsbury Job Centre. It is felt that where best practice has been identified this should be 'rolled out' across other Job Centres. The Committee are of the view that with cost pressures on the Government they will attempt to reduce staffing levels at Job Centres, and this should not happen, and current levels should be retained, or even increased.

13. The Government should reduce the 5 week assessment period for UC, before the first payment is made. At the very most, the wait should be no longer than one month – the period a person in work might wait for their first salary. The period for repaying advance payments should be increased to at least 2 years, with provision for a longer period, if the claimant can demonstrate that the consequent reduction in their benefit would cause financial hardship. That increased period should be brought in immediately.

Many claimants, particularly those transferring from 'legacy benefits' do not have the resources to meet the costs of rent, food, bills and childcare, whilst awaiting their first payment, and the situation can be exacerbated if there is an issue with their claim causing further delay. Advance payments are available, but these are loans, rather than grants, and must be paid back over 12 months (extended to 16 months from October 2021.

14. That the Government should recognise that the introduction of Universal Credit has resulted in additional costs being placed on Local Authorities, at the same time as Local Authority funding is being reduced generally. The Government should be requested to ensure that Local Authorities are funded adequately, to deal with these additional costs.

The Committee noted that the Housing Benefit Administration Grant and the Discretionary Housing Grant funding has been reduced severely in recent years, and there are increasing rent arrears as a result of the introduction of UC.

Recommendations for the Council / local partners

15. That the Council should continue to support the voluntary advice sector, and where possible, assist in increasing the capacity of specialist advice services. In addition, the Council should work in partnership with the voluntary sector, and other statutory partners, and support the establishment of a forum for agencies with an interest in Universal Credit, to share and collect information, including on the use of food banks, to provide to the Government as evidence for future changes to Universal Credit.

The Committee noted the good work undertaken by the voluntary advice sector, and statutory partners and supported the suggestion that a forum should be established.

16. That it is noted, and welcomed, that the Council is taking all available opportunities to support residents with the introduction of UC, and that a number of initiatives are being taken by the Council, the voluntary sector and partners in order to assist residents, as outlined in the report. The Committee are of the view that there should however, be additional support provided for the most vulnerable residents, such as residents with mental health problems, learning difficulties, BME communities and the disabled.

The Committee were concerned that the most vulnerable residents were the most likely casualties of the introduction of Universal Credit, and where possible additional support should be particularly aimed particularly at these group.

17. That, whilst noting that information on support and advice to residents is available, it should be ensured that up to date information is provided in Council publications, online, in councillors' ward surgeries, self-help groups, GP surgeries, on electronic noticeboards on estates and by the organisation of workshops, where necessary. Consideration should also be given to a future communications strategy, once full migration takes place, to enable residents to have access to all necessary information, and support, to assist them with claiming UC at the most appropriate time.

The Committee were of the view that whilst information has been made available once full migration takes place a more detailed communications strategy should be looked at. In addition, given the ever changing nature of UC, as a result of changes to UC by the Government, updated information should continue to be provided to residents.

18. That there should be a common approach established with social housing providers in the borough, for dealing with tenants, who may fall into arrears during the 5 week assessment period, as a result of claiming UC. The Committee are of the view that the Council should discuss this issue with other social housing providers in the borough, with a view to establishing a common policy/support framework to deal with such instances.

The Committee are of the view that all social housing providers in the borough should establish a common policy so that tenants know that all social housing providers are following the same procedures in respect of tenants in receipt of UC.

19. That the Policy and Performance Scrutiny Committee should receive regular updates on performance data relating to UC.

The Committee were of the view that they should be updated by the Executive Member Policy, Performance and Community Safety of information relating to UC, including the level of rent arrears, in order that this can be monitored.