



## Hinckley & Bosworth Borough Council

### FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION                      28 MARCH 2018

WARDS AFFECTED: 'ALL WARDS'

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### UNIVERSAL CREDIT

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#### Report of Director Community Services

#### 1. PURPOSE OF REPORT

- 1.1 To update members on Universal Credit full service roll out in the Borough, to highlight the impacts Universal Credit has had and the partnership arrangements which are in place to mitigate these impacts.

#### 2. RECOMMENDATION

- 2.1 Members note the roll out of Universal Credit full service in the Borough and the impacts and implications for customers and council services.
- 2.2 Members note the strong partnership arrangements in place to manage the impacts of Universal Credit.

#### 3. BACKGROUND TO THE REPORT

- 3.1 Universal Credit (UC) was introduced in 2013 with the aim of ensuring claimants would be better off in work than on benefits. UC simplifies the benefits system by incorporating six benefits into one. The benefits replaced are:
- Income based Jobseekers Allowance.
  - Income based Employment and Support Allowance.
  - Income Support
  - Working Tax Credit.
  - Child Tax Credit.
  - Housing Benefit
- 3.2 UC is paid as a single monthly payment in arrears. The single payment includes the Housing Element paid in respect of the person's rent and it is the responsibility of the claimant to ensure this money is paid to their landlord. This is a change for many claimants who are social housing tenants, as housing benefit was previously paid directly to the landlord.

- 3.3 There was a partial roll out of UC for new single applicants in some parts of the Borough from March 2015, with full roll out for all new claimants, including those with a change of circumstances effective from March 2017. It should be noted that not all post code within the borough went live at this time, with post codes on the boundaries with other districts which are covered by other Job Centres going live with full roll out at different times.
- 3.4 There has been much national press coverage regarding the issues being experienced with the roll out of UC and the impact on claimants of delays in processing claims and the fact that UC is paid in arrears. In response to these challenges the DWP announced changes in the Autumn budget including:
- Removing the initial 7 day waiting period
  - Increasing the level of advanced payments to assist with hardship during the processing period.
  - Extending the length of the repayment period for advanced payments.
  - Making the UC helpline free
- 3.5 Whilst the changes have been welcomed there are still concerns regarding:
- Claimants will still experience difficulty within the processing period due to often having less than a months salary to cover the period without payment.
  - Advance payments may stop people resorting to borrowing money within the processing period, there will be ongoing pressures for people whilst they are repaying the advance.
  - The use of technology to make claims remains a challenge for some applicants.
  - Potential issues around the claiming of free school meals for parents claiming UC.

The remainder of the report will concentrate on the impact of UC roll out locally.

#### 4. LOCAL ROLL OUT OF UC

- 4.1 Hinckley Job Centre Plus (JCP) currently have 2017 UC claims in total. JCP have provided the following information regarding claimants:
- All UCFS payments for claims made before 14<sup>th</sup> February 2018 are made 6 weeks following the initial claim.  
For example:  
Claim made 10<sup>th</sup> January 2018  
7 Waiting days - 10<sup>th</sup> January to 16<sup>th</sup> January.  
Assessment period runs 17<sup>th</sup> January to 16<sup>th</sup> February and payment is made 7 days later on the 23<sup>rd</sup> February.
  - From 14<sup>th</sup> February Waiting Days do not apply to Full Service claims. Assessment periods therefore run for 1 calendar month following the date the claim is made and payment is made 1 week after that.
  - Customers can apply for advances from day 1 and repay over 12 months now so they do not always have to wait the full 5 or 6 weeks for money.
  - Around 620 customers are intensively searching for work
  - Around 700 customers are working
  - The remaining customers are preparing for work, found not fit for work or are caring for young children and not required to seek work

- 4.2 The way that JCP works with customers has changed completely since the introduction of UC. The JCP work coaches work in a holistic way with customers, looking at their needs and individual barriers to work. The work coaches work with other services to enable customers to access support to address barriers with the aim of moving customers forward to achieve their full potential, be that through work or volunteering.
- 4.3 The Council has a strong partnership arrangement in place with regard to UC. Regular meetings take place between key partners including JCP and Citizens Advice (CA). Whilst there are issues being faced in relation to the roll out of UC full service, these issues are discussed and measures put in place to mitigate the impacts as far as possible, within the national policy. The relationship between the Council and JCP is held up as a model of good practice across the country and measures introduced through the county Housing Services Partnership have influenced national policy. Co-location of the JCP, Council, CA and adult social care has undoubtedly helped with our strong partnership approach.
- 4.3 The Council receives funding from DWP to support customers claiming UC who have been identified as needing assistance with assisted digital support and personal budgeting support. The Council has commissioned CA to carry out this work and a Service Level Agreement is in place. In 2017/18 CA received £24,950 for provision of these services and this will rise to £30,000 in 2018/19 in line with the increased funding from DWP.
- 4.4 From April 2017 – February 2018 CA have received 130 referrals for support. The referrals come from a number of sources, predominately JCP job coaches and council services, including customer services and housing.
- 4.5 Throughout 2017 the Council have continued to profile the specific support available through our SLA with Citizens Advice, ensuring an ongoing marketing campaign to profile and reminding key agencies of this provision, including the option for individuals to self refer.
- 4.6 Importantly key stakeholders including the Borough Council, DWP and CA have been working closely to support individuals in the most appropriate way, given the specific circumstances of those presenting. One of the ways that this work takes place is through the Complex Needs actions plans which JCP work coaches put in place for customers that have a number of difficulties, where the work coaches work closely with the council, social care and other agencies to assist in these cases
- 4.7 CA representatives have provided briefing sessions to DWP work coaches and this has helped to improve referrals coming through. However, 1 in 3 referrals to CA do not subsequently attend PBS sessions. We have concluded that the term personal budgeting is not resonating with clients, so we are encouraging support officers to talk about 'money management'. Where referrals are flagging up a need for money advice/debt management CA will refer clients directly to this service.

## 5 IMPACT ON HBBC LANDLORD FUNCTION AND RENT ARREARS.

- 5.1 Current tenant debt levels are rising, as indicated in the table below. It is anticipated that current tenant debt levels will continue to increase due to a number of contributory factors which include changes to welfare reform, including UC roll out, increasing social hardship and lenient decision making by the County Court in response to Housing repossession claims.

### Current Tenant Arrears

Year	Current Tenant Arrears at the end of full collection period (excluding other arrears)
2017-18(to date)	£761,505.35
2016/2017	£641,729.47
2015/2016	£552,559.09
2014/2015	£430,979.88
2013/2014	£324,685.44

- 5.2 Where relevant, UC introduced a contribution towards a person's housing costs made payable directly to the claimant, whereas the previous housing benefit system allowed for direct payments to be made to the landlord from the outset of any claim, UC places the onus on the claimant to manage their own affairs independently; including paying their rent. This new approach towards benefit payment aims to promote financial independence and prepare claimants in readiness for employment. A request for a direct payment can be made from the landlord once a person is in 8 weeks of arrears, or if there are other indicators such as mental health or other vulnerabilities which would suggest that the tenant is unable to manage their affairs.
- 5.3 As referred to above, prior to UC, if a tenant was eligible for help towards their rent their housing benefit was paid directly to their rent account from the housing benefit system. This meant there was very little risk in terms of rent collection for tenants on housing benefit. This arrangement has ended for any tenant now in receipt of UC, directly impacting on the levels of rent arrears, particularly for tenants in the initial stages of their UC claim.
- 5.4 The Association of Retained Council Housing (ARCH) and National Housing Federation have tracked the impact of UC on landlords rent arrears. Their latest research in July 2017 found:
- Tenant rent arrears among UC claimants remain high at 73%, a total cost of £6.68million
  - Families with no previous history of rent arrears are being driven into debt, with 40% of households accumulating rent arrears as a consequence of claiming UC.
  - Households already struggling with rent payments are being driven deeper into debt as the average arrears for UC claimants has increased from £611.73 (March 2016) to £772.21 (March 2017).
- 5.5 As of the beginning of September 2017, the Housing team had 150 tenants in receipt of a Universal credit claim. Whilst only 5% of our total number of tenancies, these tenants attributed 11.89% of current tenant debt levels experienced equating to £89,249.95 in real terms. As of the beginning of March 2018, the number of council tenants in receipt of universal credit has risen to 334 tenants attributing £170,178 of current tenant debt. Whilst only 10% of those living in council accommodation are in receipt of universal credit, this group attributes 22.35% of the overall amount of current tenant debt.

## 6 BALANCING SUPPORT WITH ENFORCEMENT

### 6.1 Hardship - Supporting vulnerable people

- 6.1.1 For those tenants who have submitted a claim for universal credit it can take up to 6 weeks for them to receive their first payment. Families and individuals are facing difficult decisions in respect to which financial responsibilities they should first meet; in some cases it is a choice between paying their rent and providing food for their family. Over recent weeks, the Tenancy Management team has seen an increase in the number of tenants claiming Universal Credit who have little to no money to last them whilst waiting for a claim to be implemented. For these tenants, the Tenancy Management Team has sought assistance with hardship loans.
- 6.1.2 The approach of the Tenancy Management Team has always been to balance support with enforcement. We remain committed to working with our tenants to maximise rental income. In doing so, we recognise the challenges that recent revisions to benefits have had on many of our tenants, whom now, or least in the short term, have significantly less money to contribute towards living costs.
- 6.1.3 The team works in partnership with other organisations, both statutory and voluntary, to ensure that those tenant's facing financial hardship have advice, and where possible, direct support. When tenants begin to fall into rent arrears officers prioritise a response to ensure that personal budgeting advice is facilitated.

### 6.2 Enforcement action

- 6.2.1 For most of our tenants subject to a Universal Credit Claim there is inevitably a period in which arrears begin to accrue on their rent account whilst they are waiting for their claim to be processed. Our response is such that we will not take enforcement action against any tenant who is waiting for a claim to commence. The team also makes representation to the DWP for direct payments to HBBC for all tenants who have previously been subject to rent arrears, or have other vulnerabilities such as mental health concerns, or drug and alcohol addiction.
- 6.2.2 Our tiered approach to arrears management continues to ensure that a tenant has numerous opportunities to work with us to prevent enforcement action being progressed. The pre-action court protocol we adhere to requires officers to consider alternate dispute resolution instead of legal action. This can include repayment plans. This involves a tenant agreeing to pay their rent and an affordable contribution towards their arrears. In some cases, tenants are resistant to this approach and inevitably enforcement action is required. For those tenants who continue to fall into arrears, and who do not keep to a payment plan, the Tenancy Management team will apply to the court to impose an order to keep the tenant in the property on terms. Such an order is called a Suspended Possession Order (SPO).
- 6.2.3 Currently, 155 of our tenancies are subject to an SPO for breaching their tenancy agreement, by failing to pay their rent. Of this group of tenancies, the collective tenant debt stands at £314, 805.44 which accounts for approximately 41.3% of the total amount of current tenant debt. Once an SPO is in place, the Tenancy Management team will continue to work with the tenant to try and ensure that rental income is maximised, and that the tenant keeps to the terms of their court order. When a tenant fails to keep to an SPO the Tenancy Management team will apply to the courts to evict the tenant. The tenant has a right of appeal, and in doing so, a

further court date is then set. In the vast majority of subsequent hearings for a breach of an SPO, further terms are then imposed by the judge. A person subject to an SPO can continually breach the order and still be permitted to remain residing in the property on terms. The consequence of this is, again, an increase to the current level of tenant debt.

### 6.3 Eviction

Eviction remains a last resort for the Housing Service. Unfortunately, rising tenant debt levels, lack of tenant engagement and the need to ensure that the Housing Revenue Account remains at a level sufficient to ensure business delivery is maintained, has led to an increase in eviction rates over the last 12 months. In terms of the number of evictions, in the financial year 2015/16 we evicted 12 tenants, in financial year 2016/17 we evicted 9 tenants and in financial year 2017/18, we have so far evicted 11 tenants.

### 6.4 Service Review

6.4.1 As outlined, there are a number of factors which impede the tenancy management team's ability to maximise rent collection. With this in mind, the Tenancy Management team is undergoing a service review to ensure that opportunities for rental maximisation are fully exploited. This review has included the following measures thus far:

- A revision of the current debt recovery process. The revision has reduced the number of steps taken before debt recovery action is progressed and will ensure that anyone who has £650 of debt or more, and or is in 8 weeks of arrears will receive a Notice Seeking Possession of their home.
- An exploration of other communication mediums, such as text messaging services which could be used to better engage with our tenants
- Consideration into whether specialised rent enforcement officers would ensure an improvement in arrears management and rent collection services.

## 7 OTHER IMPACTS OF UC

### 7.1 Foodbank numbers

7.1.1 The Trussel trust has reported nationally a 16.85% increase in demand for those areas where UC full service has been rolled out.

7.1.2 Locally Hinckley area foodbank has identified a significant increase in the amount of food parcels they are issuing to people facing hardship, which they attribute in part to the introduction and revision of welfare reforms. Average referrals for 16/17 was 115.75 per month. As at December 2017 average referrals for 17/18 was at 144.5.

#### 7.1.3

Year	Number of vouchers	Vouchers due to benefit delays
15/16	1238	270
16/17	1389	337
17/18 (to December)	1156	431

- 7.1.4 Customer Services have seen an increase in the number of food bank vouchers being issued. They have also had to provide more than the agreed number of vouchers within a three month period that a person can receive due to the impact of the delays UC being assessed and paid.

## 7.2 Homelessness

- 7.2.1 Increased rent arrears associated with UC can lead to homelessness, with people being given notice to leave their rented accommodation. The Housing Options team at the council is starting to see an increase in people experiencing problems due to UC and approaches due to rent arrears in the private sector have increased, particularly in the last two months of 2017. A time lag would be expected between the introduction of UC full service and tenants beginning to get into difficulties with their rent, both as the numbers of tenants on UC rise over time and due to the time delays in the possession proceedings. The Housing Options team will be monitoring this over coming months to look at the trends.
- 7.2.2 A more noticeable difficulty being experienced in within Housing Options is the increased difficulty in accessing the private rented sector due to landlords withdrawing from the market and being increasingly reluctant to take people on benefits. Antidotal evidence attributes some of this reluctance to UC and the increased difficulties that tenants are experiencing due to affordability.

## 8 Employment and Skills

- 8.1 The principles of UC, in encouraging personal responsibility and supporting people to get back into work, are supported and an important area of work to reference is the newly formed Employment and Skills Taskforce which brings together key agencies and businesses to maximize the opportunities for local people to access and gain the right skills and qualifications to meet the needs of local businesses and our key growth sectors. DWP are a key partner on the Task force and there are targeted actions focused on supporting long term unemployed people back into work through overcoming their barriers to employment. An aim is to also develop programmes for council tenants to assist with employability skills and ensure that as many tenants as possible are able to meet their potential.

## 9. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 9.1 None

## 10. FINANCIAL IMPLICATIONS [DW]

- 10.1 The level of arrears has increased by 135% since 2014 to £761,505.35, which is due in part to the introduction of Universal Credit. The increase in arrears, does not lead to a loss of income until a provision is made or the amounts written off. The level of bad debt provision has increased for current tenants from £392,499 in 2015/16 to £537,654 for 2016/17. The current position will be updated at the year-end, but is likely to increase.
- 10.2 However, the increase in the level of rent arrears does reduce the Council's cash flow position as less cash is received to the amount of the outstanding arrears.

10.3 It is likely that an additional administrative burden will be placed on the tenancy management service in chasing increasing levels of outstanding arrears and in dealing with increased levels of tenancy management related issues. This is likely to place increasing pressure on resources and potentially increase costs. It is not possible to put an exact figure on this pressure at this time.

10.4 There is also a potential additional financial burden relating to increased levels of homelessness. The increased levels of eviction may also put pressure on homelessness services, for example, in terms of increased costs for emergency accommodation and potential difficulties in finding enough suitable accommodation to meet this demand. The council would need to meet this demand and cost due to its statutory duty in this regard. It is not possible to put an exact figure on this pressure at this time.

## 11. LEGAL IMPLICATIONS [AR]

11.1 None arising directly from this report.

## 12. CORPORATE PLAN IMPLICATIONS

12.1 Implications for people and prosperity.

## 13. CONSULTATION

13.1 Consultation has taken place with partner agencies including JCP and CA.

## 14. RISK IMPLICATIONS

14.1

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Continued impact of UC on rent collection	Action detailed in 6.4	Maddy Shellard
Impact on homelessness levels.	Homeless Reduction Act will ensure people are worked with at an early stage to try and prevent homelessness	Jo Wykes

## 15. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

15.1 Impacts of UC are falling on those residents who have a need to claim benefit and who in a large number of cases have other issues which need to be addressed and supported. The impact is increasing levels of poverty and hardship, certainly within the short term and it is important to identify and support these customers in these circumstances to ensure the impact longer term for people is minimised. The strong partnership working that exists in the borough assists with this.

## 16. CORPORATE IMPLICATIONS

16.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications



- Asset Management implications
  - Procurement implications
  - Human Resources implications
  - Planning implications
  - Data Protection implications
  - Voluntary Sector
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Background papers: None

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