

# Housing and Economy Committee

10.00am, Thursday, 21 March 2019

## Universal Credit Full Service Update

Item number	8.8
Executive/routine	Routine
Wards	All
Council Commitments	

### 1. Recommendations

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- 1.1 It is recommended that Housing and Economy Committee notes the update on the early impacts for the housing service arising from Universal Credit Full Service.

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## Universal Credit Full Service Update

### 2. Executive Summary

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- 2.1 On [1 November 2018](#), Housing and Economy Committee considered a report that set out the approach to engaging with Council tenants moving onto Universal Credit Full Service (UCFS), due to be implemented in Edinburgh from 28 November 2018, and actions being taken to manage risks to rental income. Committee also approved a motion to provide an update report on UCFS in March 2019. This report discharges that request.
- 2.2 Up until the end of January 2019, the Housing Service has verified housing costs for around 600 tenants; including existing Universal Credit (UC) tenants moving to full service and around 25-30 new claimants. When rent verification requests are received, contact is made with tenants to discuss rent payment responsibilities and to encourage tenants to set up monthly direct debits for the date their UC is paid. Referrals are also made; as appropriate, for more specialist advice and information where this may be required.

### 3. Background

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- 3.1 The Housing Revenue Account Budget (HRA) 2019/20 was approved by Council on [21 February 2019](#). This budget supports the continued delivery of new homes, investment in existing homes and improving services to ensure these are more efficient and are responsive to customer needs. Delivery is dependent on stable HRA income collection.
- 3.2 UCFS will increase the risk to income collection due to payment periods for UC, direct payments of housing costs to tenants and the complexity for a number of households moving onto a new system.
- 3.3 Significant work has been undertaken by the housing service to plan for the impact of UCFS on tenants and to mitigate the risks to income collection. Provision for an increase in arrears and an additional contingency for an unexpected reduction in income or increase in unplanned expenditure has been included in the HRA Business Plan.

- 3.4 A Welfare Reform update on the ongoing work to support UC and Welfare Reform in Edinburgh is reported to the Corporate Policy and Strategy Committee on a quarterly basis. The last update was provided to Committee on [26 February 2019](#).

## 4. Main report

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- 4.1 UCFS has been operational in Edinburgh since 28 November 2018. Since this date tenants who make new claims or have a change in circumstances have moved on to full service. Existing tenants on UC live service are also being transitioned over the UCFS by the end of March 2019. The Department of Works and Pensions (DWP) have been managing this process and communicating directly with those affected.
- 4.2 Managed migration is the final phase of the rollout of UC, when the DWP will contact those who are still claiming legacy benefits and 'invite' them to claim UC. The regulations and timetable for these changes, which will affect any remaining working age tenants on housing benefit, has been subject to ongoing change but at present it is expected that this will commence late 2020 with the Government target still to have the roll out completed by December 2023. Once implemented this would see the remainder of around 10,500 working age tenants on benefit moving on to UC. The timetable and future regulations on this will continue to be closely monitored to ensure processes and resources are in place to deal with a significant increase expected in the volume of housing cost verifications.
- 4.3 Information available to landlords on the detail of claims is very limited but an indication that a tenant may be moving onto UC is obtained through a landlord request for verification of housing costs. Up to the end of January 2019 around 600 housing cost verifications were completed within the tight five calendar day timescales set by the DWP. This figure includes verifications for existing UC tenants transitioning from live service to full service and an average of around 25-30 new claims per week.
- 4.4 UCFS is still in the early stages of roll out with many tenants only receiving their first payments during January 2019. There has been no impact to date on rent collection performance with rent arrears figures to the end January 2019 showing that compared to the same period last year current arrears have reduced by £0.23m.
- 4.5 To date most tenants appear to be managing new claims online and no additional support has been required in the initial stages of their claims. Early contact is being made with tenants where rent verification requests are being received to discuss their rent payment responsibilities and to encourage tenants to set up monthly direct debits for the date their UC is paid. Referrals are also being made for more specialist advice and information where this may be required.
- 4.6 Alternative Payment Arrangements (APA) will also be sought where additional support is required due to the tenant having no experience of paying rent, there are

pre-existing arrears or where complex household needs have been identified. A number of tenants have also requested direct housing cost payments to the Council under Scottish Choices.

- 4.7 Advice and information is available through the housing patch officers and income maximisation and energy advice staff in the localities. Additional financial assistance may also be available for any households that are facing financial hardship. More information on how households can get advice and assistance, and potential financial support if they are facing financial hardship, is provided in the Elected Member Briefing included in appendix 1.

## **5. Next Steps**

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- 5.1 The number of tenants moving on to UCFS will continue to increase. The impacts will continue to be closely monitored to ensure effective support is provided to tenants and income collection to the HRA is maintained. The HRA Business Plan is also reviewed and updated annually, including a contingency to mitigate risks to income collection, as part of the budget process.
- 5.2 Updates on Welfare Reform and UC in Edinburgh will continue to be reported through Corporate Policy and Strategy Committee on a quarterly basis. Regular updates will also be provided to this Committee through the Business Bulletin on the impact to tenants, demand for homeless and advice services, and HRA income collection.

## **6. Financial impact**

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- 6.1 The HRA is funded from tenants' rents, fees and service charges for services provided to tenants and assets held on the HRA account. Improvements to tenants' homes and the Council house building programme is funded primarily from rental income.
- 6.2 The HRA business plan estimates and mitigates for a loss of £9 million in rental income due to welfare reform changes and UCFS. In addition, a £3 million contingency fund will be built up by the end of this financial year, rising to £15 million by 2027 to ensure the continuation of the investment programme, even with an unexpected reduction in income or an increase in unplanned expenditure. To date there has been no adverse impact on rent collection performance with current rent arrears as at the end of January 2019 £0.23m lower than the same period last year.

## **7. Stakeholder/Community Impact**

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- 7.1 Council tenants will include a significant number of households affected by low pay and insecure employment, by welfare reform changes and disruption in benefits,

and whom are experiencing pressures on their overall living costs and potential fuel poverty.

- 7.2 Significant work has been undertaken to plan for the impact on tenants including communications to raise awareness, provision of income maximisation and energy advice services in the localities and comprehensive staff training. The focus for staff will remain on collection of income to the HRA and support to tenants. Arrears arising from UCFS will be dealt with under standard processes with every advice and assistance being provided to tenants to avoid them getting into debt they cannot afford.

## **8. Background reading/external references**

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- 8.1 Planning for Universal Credit Full Service, Housing and Economy on Committee on [1 November 2018](#)
- 8.2 Welfare Reform Update, Corporate Policy and Strategy Committee on [4 December 2018](#)
- 8.3 Welfare Reform Update, Corporate Policy and Strategy Committee, [26 February 2019](#)

## **9. Appendices**

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- 9.1 Appendix 1- Elected Member Briefing Note on Universal Credit Full Service

# Appendix 1 - Elected Member Briefing

## Universal Credit and Support Available

Customer and Digital Services Division  
Resources Directorate  
20 December 2018

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- 1.1 Universal Credit (UC) has been live in Edinburgh since 2015. The scheme, known as UC Live Service was restricted to single working age claimants who did not own their own homes. From Edinburgh is scheduled to enter UC Full Service from 28 November 2018. This will only be for New Claimants and will cover all claimants of working age. People in temporary and supported accommodation will continue to receive Housing Benefit to meet their Housing Costs in recognition of the difficulty in managing payments and assessment periods in this area.
  - 1.2 Support is available from the Council to citizens to enable them to manage their UC claim and payment and financial support can also be applied for should they be suffering hardship.

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### 2.1 Universal Credit replaces the following benefits:

- Child Tax Credit;
  - Housing Benefit;
  - Income Support;
  - Income Based Jobseekers Allowance;
  - Income Related Employment and Support Allowance; and
  - Working Tax Credit.
- 2.2 The scheme is designed to mirror household income if citizens were in work, and would fluctuate to reflect earnings, meaning citizens would reduce the need to reclaim benefits as a result of changing circumstances and the new benefit captures real-time information of change. The design of the scheme is intended to allow citizens to enter in and out of the job market with minimum disruption.
  - 2.3 Considerable change was brought to the scheme in recognition of reported difficulties in the early roll out of the scheme. Most significantly is the right to receive an advanced payment for the full entitlement of UC, which can be recovered over a 12-month period. The advanced payment can be requested up

to three days before the main payment of UC is due to be paid. As well as this, a two-week run on period for Housing Benefit was introduced to ensure additional protection to rent.

2.4 Flexibilities within the scheme were negotiated between the Scottish Government and Westminster to introduce Scottish Choices, allowing citizens in Scotland to:

- Twice monthly payments of UC; and
- Payments directly to Landlords.

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3.1 For citizens that made an application to UC on 28 November 2018 the first payment will be made on 3 January 2019 and the third of each month thereafter.

3.2 Implicit consent to discuss a citizen claim with the Department for Work and Pensions is only applicable to Members of Parliament. Explicit consent can be accepted by the Department for Work and Pensions, the citizen must consent to this via their journal, telephone or face to face. The following information is required to be given to allow an elected member to discuss a citizens' claim for UC:

- That the citizen gives consent for their personal information to be disclosed;
- What information they want to be disclosed;
- Why the information is needed; and
- The name of the third-party representative

3.3 The free phone number to call regarding UC is 0800 328 5644

3.4 All calls to the DWP on behalf of citizens should be made where available using the citizens' telephone number registered when making their claim for UC. By using this telephone number, the call will be routed directly to citizens' advisor at the UC Service Centre.

3.5 UC is a digital claim and Assisted Digital Support is available at the Council locality offices within Edinburgh. Citizens can visit the locality offices and request assistance or referrals can be made by emailing: [UniversalCredit.CustomerHub@edinburgh.gov.uk](mailto:UniversalCredit.CustomerHub@edinburgh.gov.uk). The following information is required:

- Citizens full name;
- Citizens contact information; and
- Any specific customer access or communication requirements

- 3.6 On receipt of the referral the citizen will be contacted and provided with an appointment at the most convenient locality office.
- 3.7 A map of all digital access points within City of Edinburgh can be found at [www.edinburgh.gov.uk/universalcredit](http://www.edinburgh.gov.uk/universalcredit)
- 3.8 Where financial hardship is being experienced due to shortfall between a housing cost payment and rent charge, Edinburgh citizens can apply for a Discretionary Housing Payment (DHP). As well as this, citizens have access to the Scottish Welfare Fund to support the transition where applicable.
- 3.9 Changes have been made within the Assessment and Finance Team to allow a notification from DWP of UC award to be treated as a claim for Council Tax Reduction, and the team will also ensure other benefits such as Free School Meals, Clothing Grants and Educational Maintenance Allowance are in place where eligibility exists.
- 3.10 To assist citizens who rent from the City of Edinburgh Council the payment can now be made on any day of the month by Direct Debit. This allows the citizen to pay their rent on the day their UC payment is received. Direct Debits can be set up by the citizen contacting their Housing Officer.
- 3.11 City of Edinburgh Council tenants can receive support and assistance from the Income Maximisation Service. This can be requested by emailing [incomemaximisation@edinburgh.gov.uk](mailto:incomemaximisation@edinburgh.gov.uk), telephoning 0131 529 7905 or the citizen can request their Housing Officer speak to the Income Maximisation Service.
- 3.12 All citizens can receive help and advice from the Advice Shop, 249 High Street, Edinburgh, EH1 1YJ or telephoning 0131 220 2360

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- 4.1 Members note the briefing and actions required to ensure citizens are accessing the most appropriate type of advice to support their transition into Full Service Universal Credit.

Contact Details

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