

Agenda item 7 (Report from Scrutiny - Universal Credit) for Cabinet - Thursday 19 December 2019

7. Scrutiny Committee Reports (Pages 3 - 8)

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To: Cabinet
Date: 19 December 2019
Report of: Scrutiny Committee
Title of Report: Universal Credit

Summary and recommendations	
Purpose of report:	To present Scrutiny Committee recommendations concerning Universal Credit
Key decision:	No
Scrutiny Lead Member:	Councillor Andrew Gant, Chair of the Scrutiny Committee
Cabinet Member:	Councillor Marie Tidball, Supporting Local Communities
Corporate Priority:	An Effective and Efficient Council, Meeting Housing Needs
Policy Framework:	None
Recommendation: That the Cabinet states whether it agrees or disagrees with the recommendations in the body of this report.	

Appendices
None

Introduction and overview

1. At its meeting on 05 November 2019, the Scrutiny Committee considered a report on Universal Credit (UC), looking at the impact it had had on the Council and on recipients.
2. The Committee would like to thank Councillor Marie Tidball, Cabinet member for Supporting Local Communities for attending and presenting the report, Councillor Nigel Chapman, Cabinet member for Customer Focused Services, for supporting the meeting, Tanya Bandekar, Service Manager Revenues and Benefits, and Laura Bessell, Benefits Manager, for compiling the report and supporting the meeting.

Summary and recommendation

3. Councillor Marie Tidball, Cabinet member for Supporting Local Communities, introduced the report. From the Council side, the administrative burden of processing UC was reported to be considerable, greater than anticipated and exacerbated by inaccurate (and changing) information from the Government. This sometimes resulted in over or under payments which, in turn, required more administration to resolve. Despite increased and increasing administrative costs, Government grants to assist with the administrative burden were decreasing by approximately 10% per year. Claims had to be re-visited once a month and the costs of doing so (c. 2000 a month) were estimated to be about £50k pa for which there was no funding from the DWP. These concerns and others about the introduction of UC had been the subject of a Council Motion in July 2018 and the Leader and Portfolio holder had subsequently written to the then Secretary of State for Work & Pensions. A non-committal reply had been received in response to this letter.
4. From the perspective of recipients, the nature of UC payments (in arrears) combined with the possibility of over or under payments was reported often to be a source of considerable psychological distress to claimants, particularly those who were already vulnerable. The application of UC to those who had a disability and single mothers had been found to be discriminatory.
5. Councillor Tidball concluded her introduction by saying that the Housing Benefit element should be taken out of UC so that it could be paid direct to landlords, as it had been hitherto. Ultimately UC should be withdrawn because of its impact on the vulnerable.
6. In response to the report the Committee devoted significant time to discussing the Council's approach to bad debts – eviction and the use of enforcement agents – and were convinced that the stated aim to use these as a last resort was fully embedded within the team. Lengthy discussion was also held over the impact on staff of having to deal with the changes, not simply the workload but also regular exposure to acutely stressful conversations such as threats of suicide. It was, however, recognised that the teams responsible were putting in measures, such as training and counselling, to manage the challenges faced around supporting their staff and that the teams were managing the volume and fluctuations in workload well.
7. The single area of focus for recommendations from the Committee relates to assessing the adequacy of the Council's Discretionary Housing Payment fund, regarding which two recommendations are made.

Discretionary Housing Payments

8. Discretionary Housing Payments (DHPs) are made to tenants who have a shortfall in benefits to meet their rental liabilities. Recipients are not exclusively UC claimants, but it was reported to the Committee that there has been a recent

growth in the number of people on Universal Credit seeking to access DHPs. As of the end of September 2019 38% of DHP recipients were on Universal Credit.

9. The Committee was informed that funding for DHPs derives from an annual grant allocation provided to Council from the Department of Work and Pensions (DWP). The expenditure on DHP's can be increased by up to 150% of the original government funding, known as the permitted total, albeit this additional amount will be funded from Council resources. In previous years it has not been necessary to increase funding above the permitted total. The Council cannot refuse a DHP on the grounds of insufficient funding.
10. It was reported to the Committee that spending had tended to mirror the level of Government funding available, though it was questioned by the Committee whether the need to return any unspent funds in previous years may have left open the possibility that spending was being made to budget as opposed to being based purely on need. This year, however, the level of the Government funding for DHP expenditure has decreased (by £68,185.00 to £336,825.00) and that by the end of October 2019, 85% of the available funding had been committed or spent (last year at the same point in time this figure was 71%).
11. It is the view of the Committee that DHPs are a particularly important safety net. As referenced above, the decision to pay UC in arrears is a stressor for vulnerable recipients because they automatically start in 'technical arrears', a situation which is significantly exacerbated by not-infrequent administrative errors by the DWP. UC recipients (and others) may therefore be placed in a situation of being unable to pay their rent through no fault of their own. The level of spending of the current year's Government funding suggests that demand for this support is likely to outstrip supply, hence the Council may need to spend above the Government funding, up to the permitted total, potentially by a significant margin.
12. It is felt by the Committee that this is an area of support which should be prioritised, and that it is important that it is funded according to the level of need, rather than the level of supply being determined by the amount of funding provided by central government. Reviewing the level of DHP funding according to need will also provide an evidence base on which to lobby central government for a higher committed total.

Recommendation 1: To review the Council's Discretionary Housing Payments Policy from a needs-based perspective and is prepared to fund from general reserves any necessary top-ups beyond the Government grant figure, up to the permitted total.

Recommendation 2: That should a needs-based analysis demonstrate a need for Discretionary Housing Payments above the Government grant figure, for Cabinet to write to central government to lobby for a higher grant.

Further Consideration

13. Should the Committee wish to consider the progress of this issue, or any of the particular sub-issues it touches on, it will have the opportunity to add it to the Committee's work plan for the forthcoming year. It is not anticipated that the Committee will wish to consider this item prior to then.

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**Cabinet response to recommendations of the Scrutiny Committee made on 05/11/2019 concerning Universal Credit
 Provided by the Cabinet Member for Supporting Local Communities, Councillor Marie Tidball**

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<i>Recommendation</i>	<i>Agree?</i>	<i>Comment</i>
1) To review the Council’s Discretionary Housing Payments Policy from a needs-based perspective and is prepared to fund from general reserves any necessary top-ups beyond the Government grant figure, up to the permitted total.	Partially	We are happy to review the DHP policy to ensure that it continues to follow the current approach, which is based on the customer need for support. In order to mitigate any potential overspend, the Council will apply for approval from the MHCLG for funding of DHP expenditure in relation to Council tenants by the HRA. Any other overspend would need to be met initially from general reserves in this financial year, however this position is not sustainable going forward and therefore the DHP policy may require wider review or alternatively provision would need to be made for the increased expenditure within the Council’s budget.
2) That should a needs-based analysis demonstrate a need for Discretionary Housing Payments above the grant funding total, for Cabinet to write to central government to lobby for a higher grant.	Yes	Current policy is based on a needs analysis. Due to changes to Welfare Reform, customers are now having to meet their rental liability from reduced benefit payments, hence the need for the DHP spend. Consequently given this position, and reduction in DHP funding over recent years then Officers can lobby Central Government for a higher grant for 2020/21 onwards.

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