

TITLE OF REPORT: Case Study – Welfare Reform Update and The Implementation of Universal Credit in Gateshead

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SUMMARY

This report updates Corporate Resources OSC on the implementation of Universal Credit within Gateshead and the issues arising to date.

Background

1. The Welfare Reform Act 2012 introduced a number of changes:
 - Universal credit to replace 6 main benefits
 - Housing Benefit reductions for under-occupation
 - Cap on overall benefit of £26,000 (£18,200 for single persons)
 - Council Tax Benefit replaced by Local Council Tax Support Schemes
 - Disability Living Allowance replaced by Personal Independence Payments
 - Responsibility for Discretionary Social Fund transferred to local authorities
2. Further reforms were outlined in the following:
 - Chancellors Autumn Statement 2015
 - Housing Benefit for social sector tenants to be capped at Local Housing Allowance rates
 - Introduction of shared room rate for single persons under 35 (£60 per week in Gateshead)
 - Housing Benefit to be limited to two children for new claims and additional children born after April 2017 (to mirror changes to Tax Credits)
 - Welfare Reform and Work Act 2016
 - Overall benefit cap reduced to £20,000 (£13,400 for single persons)
3. Universal credit will be made via an online application, and will be a single household payment paid monthly in arrears.

Implementation to date

4. Universal Credit was implemented in Gateshead, Blaydon and Felling Job Centre areas on 15 June 2015 for a limited client group:
 - Single, non-householder, no children, new Job Seeker Allowance claimants

5. The initial implementation covered about two thirds of the properties in Gateshead. Birtley, Chopwell and Rowlands Gill were included from September 2015 and some of Leam Lane and Wrekenton from November 2015
6. To support the implementation of Universal Credit, the Council agreed a Delivery Partnership Agreement with DWP. As part of this agreement the Council provides the following support to clients:
 - On line supported digital access
 - Personal Budgeting support and referral for direct payments
 - Support for UC service centres for housing costs
 - Local Council Tax Support manual processes.
7. To date there have been 361 Universal Credit claimants within Gateshead, who were previously in receipt of Housing Benefit. A further 384 Universal Credit claimants have been assessed for Local Council Tax Support.
8. As a result of the initial implementation of Universal Credit, the Council and The Gateshead Housing Company have taken the following actions:
 - Provided advice and support to claimants
 - Provided assistance to move to smaller accommodation
 - Redesignation of flats at Teams
 - Employment Support
 - Provided advice on reducing household expenditure
 - Discretionary Housing Payments (DHP) top-up from Housing Revenue Account for council tenancies

Other Considerations

Under Occupation

9. There were 2838 council tenants affected by under occupation in April 2013 and this has reduced to 2225 in February 2017.
10. There are now 2719 total cases in Gateshead.

Universal Credit “Full Service”

11. Universal Credit “Full Service” rolls out to anyone claiming any of the benefits to be replaced, and will include all types of claimants, including couples and families with 2 children or less. It was first planned to be implemented in Gateshead in 2013 however implementation will now commence in October 2017 for all new claims at Gateshead Job Centre. This will be followed by Blaydon Job Centre in November 2017.
12. Migration of existing Housing Benefits claimants to Universal Credit is scheduled to begin in 2018/19 and be completed by 2021/22.

Local Housing Allowance (LHA)

13. The Chancellors Autumn Statement 2015 proposed that Housing Benefit would be capped at LHA rates for social sector tenancies created from April 2016 effective from April 2018.
14. A Ministerial Statement in November 2016 has delayed implementation of this until April 2019 and the cap will now apply to all tenants in receipt of Universal Credit, not just new tenancies.

Benefit Cap

15. In 2013 there were 32 residents affected in Gateshead (15 tenants) and now there are 190 residents affected (93 tenants)

Recommendation

16. The views of the Corporate Resources OSC are sought on:
 - The issues arising from the implementation of Universal Credit in Gateshead.
 - The actions taken by the Council and The Gateshead Housing Company to date in supporting this.