

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Cabinet
2.	Date:	19th June 2013
3.	Title:	Universal Credit: Local Support Services Framework
4.	Directorate:	Environment and Development Services

5. Summary

Universal Credit (UC) is a new means-tested benefit for working age people both in work and out of work. The purpose of this report is to explain how UC will impact nationally and locally and how we intend to move this work forward in Rotherham.

6. Recommendations

That Cabinet:

- Approves the production of a project plan to address the issues arising from the introduction of Universal Credit and the development of a Local Support Services Framework.
- Receives a further report to agree the local support services framework prior to the Council entering into any agreement with DWP.
- Should consider providing with the LSP a written collective partnership response to the government lead for Universal Credit, highlighting the extent of the issues affecting claimants in Rotherham.

7. Proposals and Details

National Context

Universal Credit (UC) is a new means-tested benefit for working age people both in work and out of work. The aim of UC is to improve work incentives, create a smooth transition into and out of work, simplify the means tested benefit system and reduce fraud and error.

The main changes to the benefit payments for people will be

- Online assessments

- Payments monthly in arrears
- Payments to one member of the household
- No direct payment to landlords for housing element
- Claimants will have the responsibility for paying bills and managing money

By 2017, it is the government's intention that all people claiming benefit will be online and the system will be, 'Digital by Default'. You might claim UC if you are:

- Unemployed and looking for work
- Unable to work due to ill-health or disability
- Caring for a disabled person
- A lone parent whose youngest child is aged under 5
- Working, and either a lone parent or a couple with children
- Working and disabled
- A single person or a couple without children working but on a low income
- Liable for housing costs such as rent or a mortgage

Universal Credit will bring the following six working-age benefits into one single payment:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

The timetable for the launch of Universal Credit is as follows:

- April 2013: a 'Pathfinder Pilot' in Greater Manchester and Cheshire
- October 2013: National launch for new claimants
- Existing claimants will be moved onto UC in a phased approach up until 2017

Universal Credit will have a £16,000 savings limit. Awards of UC will be decided by the Department for Work & Pensions (DWP) and based on the circumstances and income/savings/capital of the claimant (and their partner if they have one).

Implementation

Cases will move onto universal credit by one of three routes;

- **New claims**
- **Natural changes.**
- **Managed changes**

Current timelines from the DWP are as follows:

- **October 2013** - New claims to universal credit in place of new claims for job seekers allowance, which is expected to be low locally.
- **May 2014** - New claims to universal credit in place of tax credit and income support.

- **September 2014** - Managed migration will start; initially for JSA cases and then for the other benefits and tax credits in the same order as new claims above.
- **October 2014** - New claims to universal credit in place of Employment and Support Allowance and Housing Benefit only cases.
- **End of 2017** - Full migration completed

Local Support Services Framework

The DWP have approached all local authorities to discuss the development of partnership agreements that will set out the support to be provided to help people navigate the transition to UC during phase 2 of its implementation (October 2013 to April 2014). It is expected that these agreements will be in place by September.

Initial discussions with DWP suggest that partnership agreements could include:

- Increase access points for online facilities e.g. libraries (see Appendix 4) and further education provision such as schools.
- Support for people to complete applications
- Support for people to manage money and budgeting.
- One-stop shops (could be mobile) where people can get information, advice and guidance.

There is a clear expectation from DWP that libraries would have a role, particularly in providing supported access to online services.

The government and DWP expect most people to make the transition to online assessments but recognise that for some claimants accessing and dealing with the changes UC will bring will not be as straightforward. Digital exclusion is obviously a key issue in relation to the transition to UC and dedicated support will be required for people who have no or limited access to online information or services, limited ICT literacy or limited familiarity with the internet

DWP representatives have attended meetings with officers of the Council and the local welfare reform task group.

Discussion at these meetings has been used to gain more clarity on the extent to which local partners are expected to ensure the transition to UC is a smooth one and the level of funding to be provided by DWP. To date DWP have not been able to commit to the level or resources that might be available.

Whilst the council and LSP will obviously seek to help those who are struggling to cope with the changes, there is a risk that the framework process could see local partners take on a disproportionate level of responsibility and risk, particularly if – as suggested – any funding is provided on a payment by results basis. There is no statutory basis for any agreements between the Council; partners; and DWP.

Local Context

In Rotherham, we currently have circa 23,500 claims for housing benefit and 16,000 people claiming working tax credit; both will move onto UC in the future.

To date no profiling on numbers and routes has taken place, though it is expected that the main impact will be felt when existing claimants start to migrate to UC from September 2014.

Given the lack of resources, any local support needs to be intelligence-led and properly targeted at areas of highest need. Opportunities should be sought to build on existing provision (e.g. libraries, community learning venues) and link with relevant initiatives and ongoing relationships with those who are likely to be affected (e.g. through disadvantaged areas work and families for change).

Challenges facing communities

Rotherham has a diverse community and some of our households lack English as a main language. Support and resources will be needed to help these potential applicants (see Appendix 3). These are relatively small minorities but they are heavily concentrated in certain parts of the borough, mainly the central area.

A further challenge is poor literacy and numeracy skills which are to be found in all areas of the borough, particularly in more deprived neighbourhoods.

Many people also lack the basic level IT user skills to be able to respond effectively to the *Digital by Default* agenda.

- 21% of adults in Rotherham have never used the Internet.
- 49% of Rotherham's communities (97,356 adults) are in the top 20% of the communities with the most negative attitudes to internet and ICT in England.
- 6,864 of Rotherham's children don't have access to the internet.
- The percentage of internet users in Rotherham is consistent to the rest of South Yorkshire, but lags well behind the GB average. (please see Appendix 6 which illustrates the interventions taking place to address the above issues)

In addition to the changes above, pensioners will start to move onto what is called **pension credit plus** from October 2014. To date, no further details have been released for this.

Proposal for a way forward in Rotherham

Initial feedback on this report from colleagues suggests we should seek to:

- Support people to complete applications – particularly vulnerable groups
- Help people to manage money and budget using CAB, credit unions, money advice service, national debtline, local post offices and VAR.
- Support people when priority debt arrears (rent, mortgage or council tax) have placed their home or liberty at risk using RMBC advocacy & appeals service (please see Appendix 5).
- Support people who require help to appeal their benefit decisions using RMBC advocacy & appeals service (please see Appendix 5)
- Review and re-launch RMBC's corporate debt policy.

Next steps

A Partnership Working Group will now be put in place to ensure a planned approach to this piece of work. It will include a lead person and directorate from RMBC to coordinate, consult and involve a number of partners both internal and external.

It is proposed that Partnership Working group will explore the following to inform the Partnership Agreement:

- An understanding of the volume of people, demographics and geography of the communities we will work with and the challenges they will face.
- Identify organisations from the private, public and VCS e.g. RMBC Advocacy & Appeals Service, CAB, VAR, Colleges, Job Centre Plus and Laser Credit etc who can support the delivery of this work with little or no additional resource.
- Pull together a consultation framework to engage with vulnerable stakeholder groups in the community.
- Set up a Community Task Group as a sounding board around issues affecting vulnerable community groups.
- Look at the role of the customer service centres/libraries as one stop shops for accessing information about UC.
- Work with DWP Universal Credit programme to help inform all aspects from design to migration and implementation in Rotherham.
- Look at the learning from 'Pathfinder Pilot' in Greater Manchester and Cheshire and what good practice we can adopt in Rotherham.

The work of the group will provide that a local partnership agreement includes the following:

- Increase access points for online facilities e.g. libraries and further education provision such as schools and colleges.
- Support for people to complete applications – particularly vulnerable groups in Rotherham.
- Support for people to manage money and budgeting.
- One-stop shops (could be mobile) where people can get information, advice and guidance.
- Seek further resources and funding to support affected claimants, particularly vulnerable groups.

8. Finance

- Whilst the government are providing some transitional payments to a minority to ensure that no-one is initially worse off on transferring to universal credit, analyses have shown that workless lone parents and couple families will tend to lose out once these payments end.
- Reports by organisations such as *The Children's Society* have outlined areas of concern in the design of UC. In particular, they have pointed out that the additional support for childcare costs through housing benefit will be lost under UC, meaning 100,000 of the lowest income families could lose as much as £4,000 per year (this includes the lesser impact of council tax benefit support for

childcare also being lost), though changes announced in the budget may have partially addressed this.

- Local authorities will be particularly concerned about the switch to paying claimants directly (housing benefit to cover rent is currently paid directly to the landlord by DWP). *RMBC estimates that an additional £50m will need to be collected annually, with the likelihood of significant increases in rent arrears and a potential knock on effect on the housing revenue account business plan.*

Various local authority direct payment demonstration projects in 2012 identified further problems, including:

- The lack of consistent monthly dates for payments, which will be every 4 weeks, is an issue when setting up direct debits- (although payments under the revised UC offer will be every month – 12 per year)
- Existing processes around automated arrears letters and trigger points in the arrears process need revisiting due to payment being 4 weeks in arrears
- Some tenants hold Post Office accounts/other bank accounts which do not handle direct debits
- Banks settling debts to themselves (charges/overdrafts) before landlords could be paid
- Daily limits for funding withdrawals at ATMs are often less than monthly rent

There will be costs pressures associated with additional transaction costs (i.e. due to the number of rent payments increasing), supporting tenants (e.g. money management advice) and enforcement activity. The fact that UC will have to be applied for online (and problems in getting the IT system ready have been well documented) may cause further problems as people on benefits are more likely to be digitally excluded in terms of access or ability.

9. Risks and Uncertainties

The main uncertainty relates to the level of demand and the risk is that the available lack of funding and the capacity of current teams and partner organisations may be insufficient to cope.

There have been raised concerns over plans to provide Universal Credit money to be used for housing direct to claimants - rather than housing associations or councils - suggesting that this could lead to rent arrears. Also recipients of UC may not be accustomed to dealing and budgeting with one monthly payment which could result in more debts which will put more pressure on relevant services.

10. Policy and Performance Agenda Implications

The 'Freud's Report' (2007) illustrated that there is a strong case for moving towards a single system of working age benefits, ideally a single benefit, in order to better support the Government's ambition of work for those who can and support for those who cannot. A range of international evidence suggests that complexity in the benefit system acts as a disincentive to entering work, and that badly designed systems create unemployment and/ or poverty traps. The UK has made progress on both (and virtually eliminated the unemployment trap) but it can go further still. It should also do more to change the perception, where it exists, that moving into work

does not pay; a perception which can be a function of fragmented delivery by the central benefit system, local authorities and tax authorities.

DWP have developed a toolkit for organisations, particularly those in the Pathfinder locations, to inform them about Universal Credit and to help explain the changes that Universal Credit will bring. The link to the toolkit is below:

<http://www.dwp.gov.uk/policy/welfare-reform/universal-credit/toolkit.shtml>

For the council, it is important that our response to Universal Credit within welfare support and welfare reform is more generally is part of a broader drive to reduce poverty and inequalities in the borough. We should seek to be coordinated and consistent in our approach, exploring ways in which preventative action can be taken to reduce the need for reactive “crisis” provision in the longer term.

UC has implications across a range of policy areas and links need to be made with various ongoing initiatives to prevent duplication and maximise partners’ efforts to mitigate the impact for local people. In particular, the UC response should align with the disadvantaged areas initiative in helping to deliver the health and wellbeing strategy’s poverty reduction priority and supporting the corporate plan’s drive to *make sure no community is left behind*.

In terms of the council’s performance framework, the following outcomes are most relevant:

- Fewer children are living in poverty
- Fewer people struggle to pay for heating and lighting costs
- More people are in work or training rather than living on benefits

Whilst the council aims to support people back into work and the general thrust of welfare reform supports this, the economic climate militates against it, and consequently, in the short to medium term at least, benefit changes are likely to have a negative impact on a number of our performance indicators.

11. Background Papers and Consultation

1. Lord Freud’s Report (2007)
2. Universal Credit: Local Support Services Framework (February 2013)

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Appendix 1

We need to target the following vulnerable stakeholder groups in the community:

- REMA (BME Communities)
- Unity Centre (BME/Refugees)
- ROMA Community Forum
- Speak Up (learning disabilities)
- Rother Fed (TARA's and residents)
- Disability Network
- SCOPE (people with physical disabilities)
- Women's Refuge (lone parents and potential victims of domestic violence)
- Apna Haq (lone BME parents and potential victims of domestic violence)
- Shiloh (homelessness)
- The Lighthouse (homelessness)
- Food Crisis Network
- Probation Service
- RDASH (mental health and substance misuse)
- Military Covenant and Veterans Centre (MCVC)
- Parish Councils (rural isolation)
- Further Education provision (16-17 year olds)
- Rotherham Families for Change (Troubled Families)
- Carers Corner/Carers Forum
- Care Leavers

Funding and resources will be needed to train these organisations with the knowledge and skills to help vulnerable groups access UC, especially those with barriers such as learning and language etc.

Appendix 2

Local Assessment of Need for Support with Universal Credit

Three factors have been taken into account:

- Worklessness - % of working age on out-of-work benefits
- Poor Literacy/numeracy - % of 16+ residents with no qualifications
- Poor English - % of households where English is not the main language for any adult

Combining these factors provides a crude but effective way of illustrating the areas of greatest need in terms of both people moving onto Universal Credit and having the least ability to apply for the benefit online or understand the process.

SOA	Workless	No Qualifications	Poor English	Average
Eastwood Village	33%	46%	40%	40%
Eastwood Central	31%	44%	21%	32%

SOA	Workless	No Qualifications	Poor English	Average
Ferham	35%	39%	22%	32%
Town Centre	34%	37%	21%	30%
Canklow	35%	46%	7%	29%
Eastwood East	33%	45%	9%	29%
Masbrough	29%	40%	18%	29%
East Herringthorpe N	37%	45%	4%	29%
East Dene East	28%	50%	2%	27%
Thrybergh South	29%	47%	0%	26%
Rawmarsh East	30%	45%	2%	26%
Maltby East – Craggs	34%	42%	1%	25%
East Dene NE	29%	43%	4%	25%
East Herringthorpe S	30%	43%	2%	25%
Munsbrough	33%	38%	3%	25%
Thrybergh East	27%	46%	0%	25%
Aston North	29%	42%	1%	24%
Dalton	27%	42%	3%	24%
Dinnington Central	26%	44%	1%	24%
Wath Central	28%	41%	2%	24%
Rockingham West	27%	43%	1%	23%
Herringthorpe North	25%	43%	2%	23%
Manor Farm	25%	42%	1%	23%
East Dene South	24%	40%	5%	23%
Wingfield	30%	37%	1%	23%
North Anston Central	27%	40%	0%	22%
East Herringthorpe E	25%	41%	0%	22%
West Melton West	23%	42%	0%	22%
Thurcroft South West	24%	42%	0%	22%
Herringthorpe South	23%	41%	2%	22%
Maltby East – Muglet	26%	38%	1%	22%
Swinton North	21%	43%	0%	22%
Wellgate	17%	31%	17%	22%

In addition to the 11 most deprived areas, this analysis shows high levels of need in Munsbrough, Rockingham West, Wingfield, Manor Farm and parts of Wath, Swinton, Thurcroft and West Melton.

Appendix 3

Difficulties with English Language – 2011 Census Data

There were 108,293 households in Rotherham in 2011. In 104,030 households (96.1%) all people 16+ had English as their main language.

There were 1,897 households where at least one adult is fluent in English but other members are not. In 344 households, only children under 16 had English as their main language and there were 2,022 households (1.9%) where no person had English as their main language.

Thus, 4,263 households (3.9%) had some or all members lacking English as a main language and in 2,366 households (2.2%) there was no adult with English as a main language. These are relatively small minorities but they are heavily concentrated in certain parts of the Borough.

Households where no adult has English as their main language

Eastwood Village	40%
Ferham	22%
Town Centre	21%
Eastwood Central	21%
Masbrough	18%
Wellgate	17%

Eastwood, Ferham and Town Centre / Wellgate have high proportions of new migrant communities, particularly Roma, as well as refugees and asylum seekers, and more established BME communities.

Moorgate West	9%
Broom Valley	9%
Eastwood East	9%
Clifton West	8%
Clifton East	7%
Canklow	7%
Broom East	6%
Bradgate	5%
East Dene NW	5%

The above areas have some new migrants, refugees and asylum seekers but their BME communities are mainly well established.

The 15 SOAs listed above contain 9% of households in Rotherham but 61% of those where no adult has English as their main language. In terms of the 11 most deprived areas, these are the five most affected:

- Eastwood
- Ferham & Masbrough
- Town Centre
- Canklow
- East Dene – inner half

Appendix 4

RMBC Libraries

RMBC libraries are accustomed to acting as intermediaries to help people negotiate their way around the best Web sites. They are also used to equipping people with basic IT skills and building their confidence. Libraries are therefore, very much a key player in the Assisted Digital agenda. They have developed and work in a variety of partnerships; work clubs etc that have helped people get jobs. Library staff has already been working with customers on Universal Job match, and they are also talking to DWP at a regional and local level. This also ties in with the four public library offers recently launched nationally which they have helped shape and to which they subscribe.

The focus of the National Information Offer is on supporting people accessing information and services online in life-critical areas such as careers and job seeking; health; personal financial information and benefits. Central to this offer is helping people to use vital government online information and services.

Recent research showed that internet users trust library staff more than most other providers of online support and information, and public library staff are second only to doctors in terms of the trust placed in them by seekers of information.

The Universal Information Offer will:

- Bring together government and non-governmental sources of information, which have been researched by information professionals in public libraries, giving a level of quality assurance to the user.
- Ensure that public library staff and volunteers are continually developing their skills to provide help to people accessing information and services.

With the introduction of Universal Credit this year, libraries all over the country will provide internet access and support to complete the application and manage their account online, signposting claimants to local advice agencies where needed.

Locally to Rotherham, the ongoing merge of Libraries and Customer Services staff has the potential to work well in helping customers to make the transition to Universal Credit.

Appendix 5

RMBC Advocacy & Appeals Service

RMBC Advocacy & Appeals Service provides a specialist debt and benefit advice service. It provides debt solutions such as bankruptcy, debt relief orders, Individual Voluntary Arrangements, and response to court summons. Customers can be referred internally when priority debt arrears (rent mortgage or council tax) have placed their home or liberty at risk.

The service is the only dedicated service dealing with benefit appeals in Rotherham and offers appeals advice on the full benefit range.

A collaborative partnership is in place with the CAB who delivers the lower tiers of advice and refers customers with top tier advice needs to the service via the Nellbooker appointment system (which is also in place for other organisations). Internal and direct public referrals can be made efficiently via the RMBC website e-form.

Rotherham has already experienced a marked increase in customers requiring help with ESA appeals and the expectation is that a similar situation will arise with the introduction of Universal Credit and Personal Independence Payment (PIP)

The combination of disability and means tested benefit changes will see many Rotherham residents with less money and more rent and council tax to pay, with income payments received in one lump sum there is a real risk that debt levels will increase.

Appendix 6

Learning Activity

A concerted effort is being made to ensure that a range of learning opportunities are established to respond to identified needs by focussing the Adult Safeguarded Learning Grant and other funds to deliver relevant activities including -

- Additional support being offered by increasing the number of ESOL classes offered in community settings.
- Family Learning activity is currently focusing on developing English and maths skills of parents
- The improvement of English and Maths skills are embedded in to all community based learning activities.
- A range of community based courses are to be delivered in community locations aimed at improving basic IT skills, especially the skills required to access online applications and online form filling.
- The development and delivery of courses which will improve the financial planning and budgeting skills is being planned in the 11 most deprived communities