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<b>REPORT TO:</b>	<b>OVERVIEW and SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>8<sup>th</sup> FEBRUARY 2018</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR CORPORATE RESOURCES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/KS/budget/201 19 budget/universal credit scrutiny report 8 <sup>th</sup> Feb 2018
<b>SUBJECT:</b>	<b>IMPLEMENTATION OF UNIVERSAL CREDIT</b>	<b>TERMS OF REFERENCE: 6.03 (a) (i)</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	

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## **1.0 Recommendations**

1.1 That the Committee consider the current position and planned actions for supporting tenants and potential claimants of Universal Credit and make appropriate recommendations (if any) to Policy Committees to support policy and budget development.

## **2.0 Purpose of Report**

2.1 Following the scrutiny of the Council's budget proposals at the last Committee on 17<sup>th</sup> January 2018, this report provides greater detail regarding the implementation and effects of Universal Credit for the Council.

2.2 The request from the Committee followed a review of the potential implications of rent arrears on the Housing Revenue Account (HRA). This has been identified as a key risk and the report sets out the Council's approach to-date to support tenants and limit the financial impact on the HRA.

## **3.0 Detail**

### **Background**

3.1 The full implementation of Universal Credit (UC) across South Derbyshire is planned for November 2018 and the Government now have firm plans in place to deliver this. The Council have identified approximately 4,000 current residents on Housing Benefit (Rent Rebates and Rent Allowances) which may be affected by UC.

3.2 There are currently 17 Council tenants in receipt of the Universal Credit Live Service. This may increase between now and November 2018 if tenants who are already on Full Service Universal Credit move into the Council's area.

- 3.3 There are 1,857 Council properties which house working age tenants, 954 of which are currently in receipt of Housing Benefit (Rent Rebate). These tenants receive this support to pay their rent and it is paid directly into their rent account from the Housing Benefit Department.
- 3.4 Rent Rebate is one of the 7 benefits which will be rolled into the encompassing UC. Therefore, from November, these tenants will receive their various benefits in one payment and they will then be responsible for paying their total rent.
- 3.5 Consequently, these tenants are targeted when communicating about Welfare Reform. The rest of the Council's housing stock contains tenants who are of pensionable age and therefore will not be affected by the changes and the move to UC.

### **Current Position**

- 3.6 With the current UC client base, the tenant's accounts are managed by firstly encouraging them to advise the Council as they claim UC. If necessary, this data can also be obtained from the Housing Benefit Department as they will receive notification from the DWP.
- 3.7 Close contact is made with the tenant to ensure that they fully understand the process and to identify if there are arrears on the account exceeding 8 weeks. If so, the Council can request a Managed Payment from the DWP to ensure that rent plus arrears are paid directly to the Council. If the account has little or no arrears, the tenant is encouraged to set up a direct payment to be debited the day they are paid their UC.

### **On-Going Preparation**

- 3.8 Whilst it cannot accurately be predicted at what rate the Council's tenants will move over to UC, data from a neighbouring authority indicates that approximately 25 households per week have been moved over to UC following implementation in May 2017.
- 3.9 The Housing Department, in partnership with internal and external stakeholders, are in the process of drafting a Welfare Reform Delivery Plan that will map out initiatives and events to raise awareness and assist prospective UC claimants between now, November 2018 and beyond.
- 3.10 Furthermore, the Housing Department's Pre-Tenancy Workshop initiative explains the UC process and outlines changes to that of the Housing Benefit system in order to prepare and educate tenants during the transition. All new Council tenants are expected to attend a Pre-Tenancy workshop prior to sign up.
- 3.11 To date, two mailshots have been issued to prospective UC claimants to identify those who will be affected. Mailshots outline the changes in plain English and welcome tenants to contact the Housing Team with any questions.

During the first mailshot, the Housing Operations team extended their opening hours to answer questions on the changes. Other mailshots are planned later in the year.

### **Current Arrears**

3.12 As at 31<sup>st</sup> December 2017, average arrears across the 17 accounts currently in receipt of UC stood at £222.17, with the highest arrears standing at £879.51. A report recently issued by the Association of Retained Housing, shows that 87% of UC tenants are in rent arrears compared to 39% of tenants overall, with 59% owing over a month's rent and 44% on a managed payment plan direct to the landlord.

### **Working in Partnership and Further Support**

3.13 Clearly, based on these statistics, it is important to ensure that the Housing Team remain proactive in raising awareness of UC. In addition, UC could affect many more local residents in addition to Council tenants and the Council has an integral role in the Welfare Reform Delivery Plan.

3.14 The local Welfare Reform Group, which comprises representation from across the public and voluntary sector, meet regularly to discuss issues in the District and to share best practise. The Housing Team's Tenancy Sustainment Officer also delivers Personal Budgeting Support to all UC claimants whether they are Council tenants or not and in conjunction with this, meets with the Jobcentre Plus to raise any issues with the service.

3.15 Plans are also being drawn up to run event across the District to answer questions regarding Universal Credit and how the changes will affect residents.

3.16 The Housing Team, in partnership with the CVS, are in the process of submitting a bid for a £650,000 project to the European Social Fund. The aim of the project is to raise employment across the district, thereby reducing the strain on the welfare system as the new changes roll out. The aim is to reduce potential rent arrears and raise aspirations across the District meaning a stronger local economy.

3.17 The initial application has been accepted and the deadline for the final submission is March 2018.

3.18 On the wider front, the Housing Team also have a stand at the local Job's Fair in April 2018. Housing Operations and Housing Options Teams are also hoping to visit schools to advise on applying for Council Housing, managing bills and payments and the consequences of eviction and homelessness.

## **4.0 Financial Implications**

4.1 As detailed in the report. The HRA's financial plan has made additional provision for a greater level of rent arrears once UC is implemented. This will be kept under review.

**5.0 Corporate Implications**

5.1 As detailed in the report.

**6.0 Community Implications**

6.1 As detailed in the report.

**7.0 Background Papers**

7.1 None