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Impact of Universal Credit

on Revenues & Welfare Support Services
EOY 2016/17

SECTION	PAGE
1. INTRODUCTION	Page 3
2. SCOPE	Page 3
3. DEPARTMENT FOR WORK & PENSIONS (DWP) STATISTICS	Page 5
4. COUNCIL TAX COLLECTION	Page 6
5. COUNCIL TAX REDUCTION SCHEME	
Previous Year Trends	Page 8
Current Year Trends	Page 9
6. RENT COLLECTION & ARREARS	
Previous Year Trends	Page 11
Current Year Trends	Page 13
Council House Tenants - Universal Credit Statistics	Page 15
Alternative Payment Arrangement (APA)	Page 17
Third Party Deduction (TPD)	Page 18
Skip Cycles	Page 19
Scottish Flexibilities	Page 19
7. WELFARE RIGHTS SERVICE	Page 20
8. REVENUES & WELFARE SUPPORT SERVICE RESPONSE IN 2016/17	Page 22
9. FUTURE MITIGATION WORK	Page 29
10. CONCLUSION	Page 32
11. CONTACT INFORMATION	Page 34

Related Documents Available from Revenues & Welfare Support Service

- *Universal Credit Impact Assessment Briefing for CMT Members – April 2015*
- *Impact of Universal Credit on Council Tax Reduction - July 2016*
- *Chief Executive’s Letter to Neil Couling (Director General of Universal Credit Programme) & Response*
- *Universal Credit Data Collection Summary 2016/17*
- *Business Case – Rent Collection Additional Funding 2017/18*
- *Universal Credit Customer Survey Responses – July 2017*

IMPACT OF UNIVERSAL CREDIT ON REVENUES & WELFARE SUPPORT SERVICES

1. INTRODUCTION

The Universal Credit (UC) Live Service was introduced in East Lothian on 27th April 2015. Under the Live Service, volumes were relatively small with only limited numbers of single claimants moving onto UC. Although this created additional work for Revenues & Welfare Support teams, the overall financial impact during 2015/16 was contained.

East Lothian was the first area in Scotland to be moved to the Universal Credit 'Full Digital' Service on 27th March 2016. The gateway conditions within Full Service were extended to include not only single claimants but all claimant groups from the start, for example couples and families. As well as new claims being in scope, certain changes in circumstances for those already in receipt of DWP benefit could also trigger a move to UC. As expected, there has been a rapid increase in claims, across all areas of East Lothian, in 2016/17.

The purpose of this report is to:

- share the Revenues & Welfare Support experience of the rollout of UC Full Service in 2016/17
- highlight the financial impact to East Lothian Council during this period
- highlight the financial and social impact to East Lothian residents during this period
- raise awareness of the development work carried out to mitigate this impact

2. SCOPE

The impact of Universal Credit on Council Tax collection is within scope. There is a direct link between the introduction of Universal Credit Full Service and the significant dip in Council Tax Reduction spend we reported at the start of 2016/17. Although Council Tax Reduction is managed by the Benefits service, performance data has been produced by the Revenues & Welfare Support service for the purpose of monitoring the impact on collection.

The impact of Universal Credit on rent collection and rent arrears is within scope. Previously, Housing Benefit has been paid direct to rent accounts, two weeks in advance, from the East Lothian Council Benefits team. Universal Credit is paid to claimants direct, generally six weeks in arrears, and East Lothian Council's Rent Income team need to collect rent directly from Council house tenants receiving UC, most of whom have little or no experience of paying their own housing costs. East Lothian Council currently charges rent on a fortnightly basis, with two rent free periods each financial year. Universal Credit claimants receive their Universal Credit payment monthly, on any day of the month, depending on the date their claim was made. The amount of additional rent to be collected, direct from tenants claiming UC, is having a significant impact on staff resource in the Rent Income team. Working with these tenants to ensure they have a secure provision in place for paying rent themselves, on time and in full and on a sustained basis, is extremely resource intensive, with a great deal of additional face to face work being required.

The impact of Universal Credit on the Welfare Rights service is within scope.

The impact of Universal Credit on the Revenues Systems Team and Performance & Business Development Officer is not within scope, although it is recognised that the Revenues & Welfare Support service is finding that software has had to be developed at short notice and at cost to help record new information and working methods and practices are having to be developed regularly and quickly as we 'test and learn' to support service delivery. There is a significant need and demand for performance information, which is also proving difficult to extract from core systems and is time consuming to produce.

3. DEPARTMENT FOR WORK & PENSIONS (DWP) STATISTICS

From the official published DWP statistics, UC claim volumes are as follows for East Lothian residents:

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Starts to UC by Month	441	451	252	364	412	297	323	341	270	411	3,562

NB. DWP statistics only available from June 2016

Starts to UC by Age	16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-65	Total
Jun	24	62	77	69	44	46	36	37	21	24	441
Jul	24	76	73	74	40	41	45	34	26	18	451
Aug	17	55	51	28	19	26	20	18	12	10	252
Sep	20	56	76	51	43	32	35	29	21	9	364
Oct	23	64	66	63	55	37	30	37	16	12	412
Nov	19	37	37	44	30	34	31	28	24	8	297
Dec	21	43	53	42	43	30	23	25	22	14	323
Jan	22	40	36	55	49	38	44	33	25	6	341
Feb	18	28	43	49	23	26	22	28	21	12	270
Mar	39	54	62	57	51	42	37	33	27	22	411

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
No. People on UC	621	892	1,181	1,489	1,644	1,879	2,231	2,497	2,764	3,049	3,248	3,560*

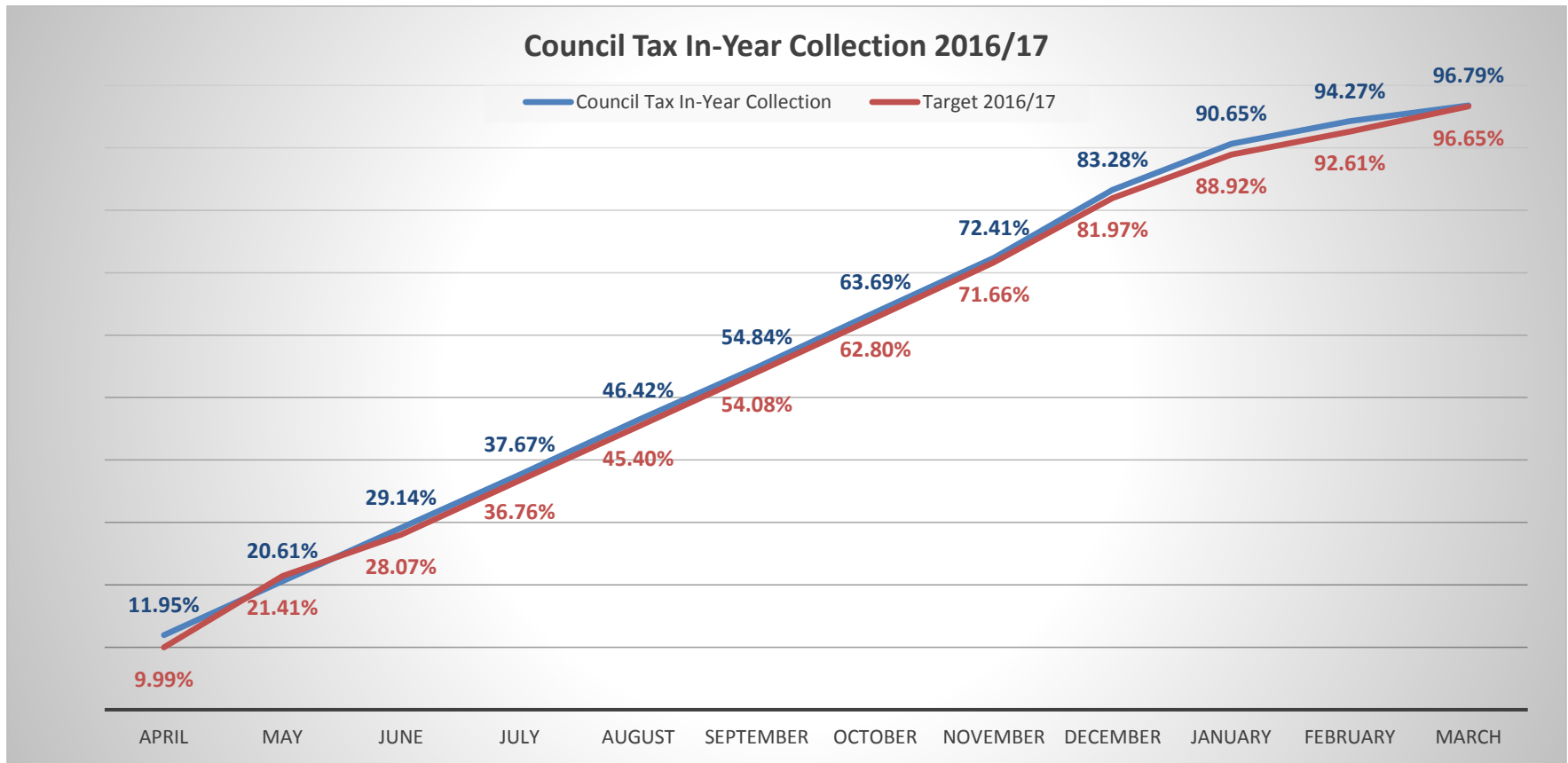
UC Claimant Employment Status	March 2017	%
In Employment	1,311*	36.85%
Not in Employment	2,247*	63.15%

**DWP statistics show slight differences in overall figures*

4. COUNCIL TAX COLLECTION 2016/17

Overall, Council Tax collection was good in 2016/17 and at the end of the financial year the Council Tax team exceeded the collection targets set.

<p>Council Tax collection achieved 96.79% For information, reported at 97.51% on a line by line basis</p>	<p>Target set 96.65% - 0.14% over target</p>
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Although collection performance was good in 2016/17, it is important to bear in mind that this level of collection may not be sustained in 2017/18.

In addition to the 3% increase in Council Tax in 2017/18 and the Band E-H changes, the volume of UC claimants is increasing quickly and the impact day to day from those unable to pay is being felt, in terms of non-payment and additional debt recovery action being required.

At the end of 2015/16, after a period of one year on the old UC 'Live' service, 161 council tax payers in East Lothian were known to be claiming Universal Credit.	At the end of 2016/17, 1,293* council tax payers in East Lothian were <i>known to be</i> claiming Universal Credit. This is an increase of 1,132 claimants during this 12 month period.
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**Based on number of cases flagged on Capita Council Tax system.*

In our experience so far, the 7 day waiting period at the outset of the UC claim process and the 6 week assessment period is creating significant financial difficulties for claimants. Routinely, claimants do not have sufficient savings or financial means to get through this lengthy period before they receive their first payment. It is often the case that a reduced first UC payment is made, as a portion is retained to cover any DWP advance, leaving insufficient funds to pay all outstanding household expenses and housing costs, let alone budget for the forthcoming month. The Council is regularly putting repayment arrangements in place to cover Rent and Council Tax debt from the day the UC claim is made.

The decision to pay UC monthly in arrears is also placing significant strain and creating debt for claimants.

Working methods within the Council Tax team have been developed to support UC claimants who are unable to maintain their current payment arrangements, particularly whilst awaiting their first UC payment. Additional intervention steps have been introduced within the Council tax payment recovery process to initiate further contact to ensure taxpayers claiming UC are aware that they:

- ✓ must maintain contact with the Council Tax team with regard to the progress of their UC claim
- ✓ are aware of any underlying entitlement to CTR and Council Tax Officers will encourage a claim to be made
- ✓ are aware that failure to apply for CTR, or to come to a suitable arrangement to repay outstanding charges, will result in a 10% surcharge being applied and the debt ultimately being passed to Sheriff Officers for collection, which will result in further charges being applied. Steps are being taken where possible to prevent this course of action as this would result in additional financial hardship for these payers.

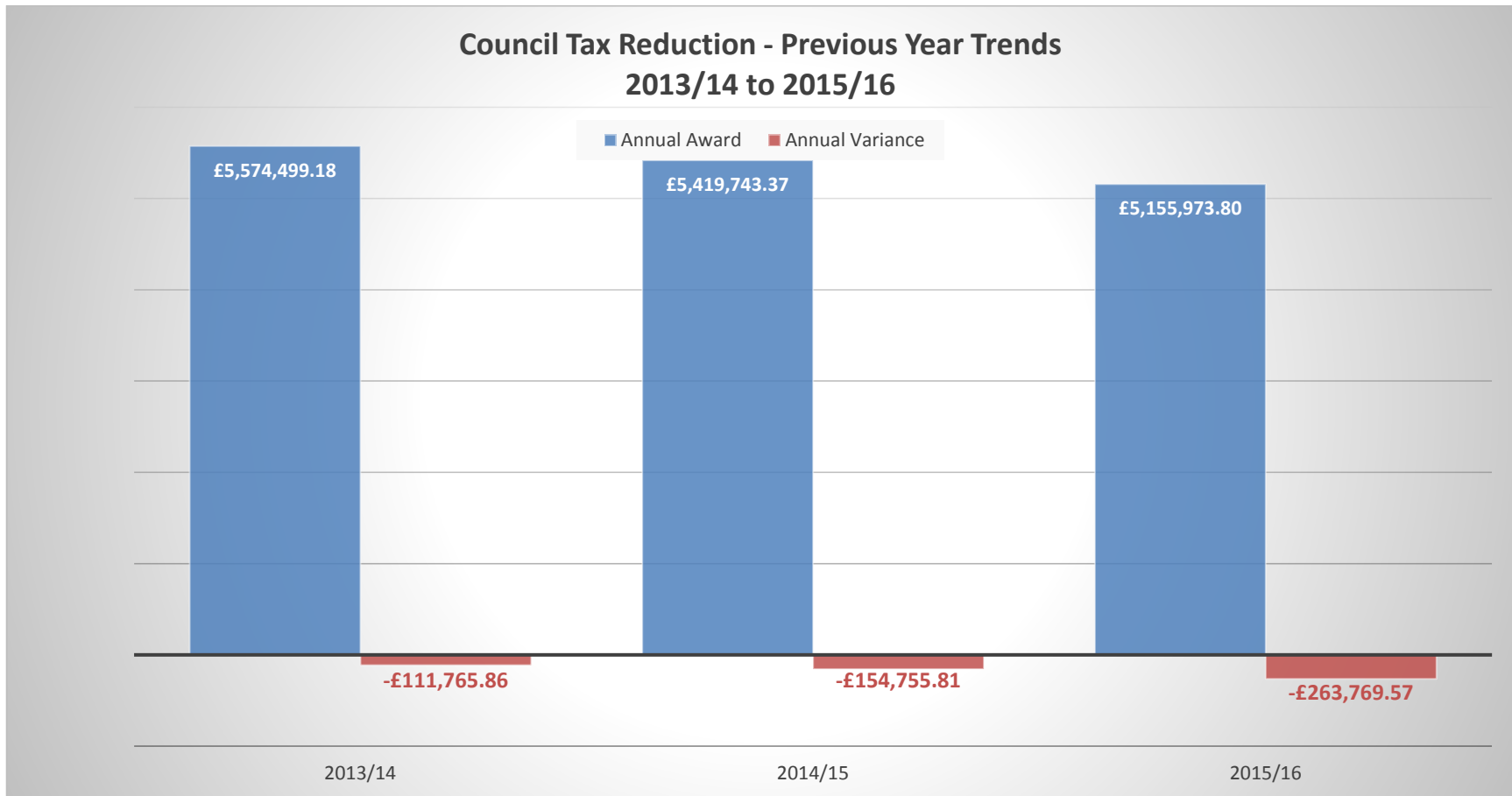
Despite these additional measures:

415 taxpayers claiming UC were issued with a Council Tax Summary Warrant Notice in 2016/17 and a 10% surcharge was added to the outstanding debt.
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5. COUNCIL TAX REDUCTION SCHEME

5.1 PREVIOUS YEAR TRENDS

We have seen a steady downward trend in Council Tax Reduction (CTR) awards since 2013/14. As Council Tax charges have remained static in recent years and wages increase, there has been an associated dip in the number of claims and the amount of CTR awarded. This trend is similar to other Scottish Local Authorities.



5.2 CURRENT YEAR TRENDS

In 2016/17, the Council experienced a significant drop in both Council Tax Reduction (CTR) expenditure and the number of people claiming the reduction since UC Full Service was introduced. Whilst it is recognised that a number of factors can affect CTR take up, there is a clear correlation between claimants no longer being able to claim Housing Benefit and CTR jointly and this reduction in spend.

Whilst the UC process should mean that the Council is informed by the DWP Service Centre that a claimant wishes to claim CTR, during the first six months of Full Service, a number of DWP notifications were not received by East Lothian Council's Benefits team and in some cases, were being sent to the wrong organisation. This is still happening.

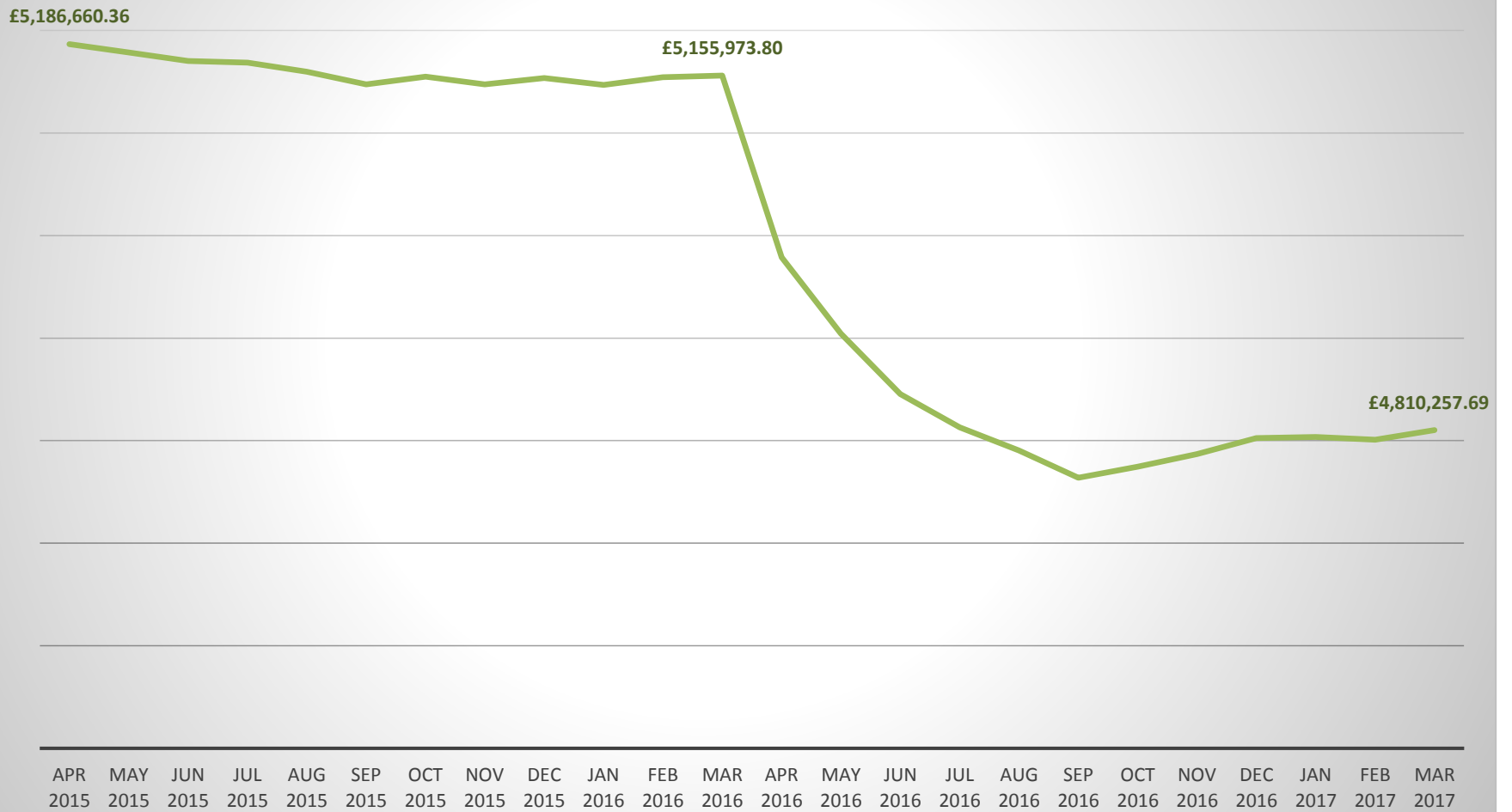
Where a notification was received, the information was deemed to be unreliable and inaccurate. As a result of this, the Council's Benefits team had to resort to asking claimants to confirm their UC award which, because of the waiting period and built in UC processing delay was not available for 6 to 7 weeks. Inevitably, many customers were not supplying this information and were losing out on their CTR entitlement.

Consequently, up to end September 2016, this had a detrimental effect on payment of Council Tax Reduction awards. From October 2016, system developments were implemented by DWP and this led to better quality information being shared by DWP and quicker assessments being carried out by the Council's own Benefits team.

<p>Between March 2016 and September 2016, CTR spend reduced from £5,155,973.80 to £4,763,858.60. A reduction of £392,115.20 in spend – 7.61%</p>	<p>The number of claimants receiving an award of CTR reduced from 7,483 in March 2016 to 6,844 in September 2016. A reduction of 639 cases.</p>
<p>Between October 2016 and March 2017, CTR spend increased from £4,763,858.60 to £4,810,257.69. An increase of £46,399.09 in spend – 0.97%</p>	<p>The number of claimants receiving an award of CTR reduced from 6,844 in October 2016 to 6,816 in March 2017. A reduction of 28 cases.</p>

East Lothian Council is committed to ensuring that entitlement to Council Tax Reduction is maximised and that the application process is online, accessible and simple to use. In July 2016, a detailed analysis was carried out jointly between the Revenues & Welfare Support service and the Benefits service to identify gaps in the process and to recommend areas for improvement. A report and accompanying action plan were produced.

Council Tax Reduction Spend April 2015 to March 2017



6. RENT COLLECTION & ARREARS

The Revenues & Welfare Support service carried out an assessment of the impact of UC on rent collection in early 2015 to estimate the projected impact on collection and arrears levels as UC claimant numbers increased over a four-year roll-out period. At that time, it was estimated that by the time we reached full UC caseload, Council Officers would need to collect £8.3m direct from Council house tenants receiving UC. In most cases, this would previously have been paid direct to the rent account in the form of Housing Benefit, guaranteeing income to the Housing Revenue Account.

Rent Income Officers are having to effect early engagement from tenants moving onto UC by way of arranging face to face contact, often in tenants' homes, to ensure that they understand their obligation to pay their rent from their UC payment and to verify that adequate provision has been made to do so.

As mentioned earlier in this document, Officers are finding that, as UC is paid in arrears and there is a six week assessment period prior to payment being made, this is placing significant financial pressure on tenants during this period. Officers must ensure that all forms of financial assistance have been applied for and their experience is that, in most cases, rent arrears are accruing or increasing during this time. This is a very resource intensive and costly service to provide.

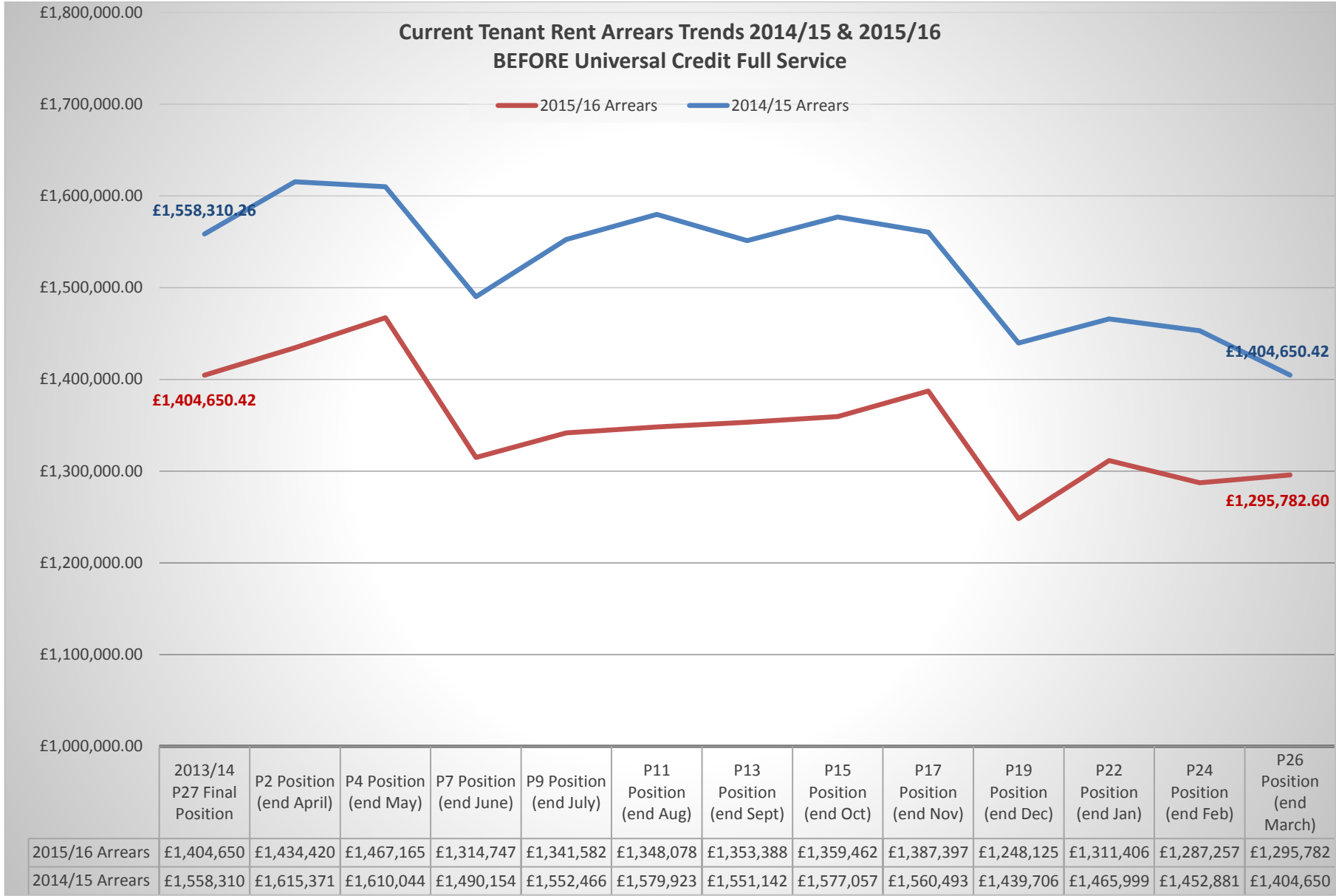
As identified in some of the early UC pilots, Council Officers are often just discovering the vulnerability of some tenants and residents, as many previously received maximum Housing Benefit and there was not always a full awareness of their circumstances e.g. mental health issues, addictions, literacy, numeracy and financial difficulties. All of this gives rise to significant pressure being put on already stretched Council services.

6.1 PREVIOUS YEAR TRENDS

<p>Current tenant rent arrears reduced from £1,558,310.26 at the start of 2014/15 to £1,404,650.42 at the end of 2014/15. An in-year reduction of £153,659.84 (9.86% reduction)</p>	<p>Current tenant rent arrears reduced from £1,404,650.42 at the start of 2015/16 to £1,295,782.60 at the end of 2015/16. An in-year reduction of £108,867.82 (7.75% reduction)</p>
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Although East Lothian Council supported the Universal Credit Live Service from 27th April 2015, the volume of Council tenants claiming UC in 2015/16 was relatively small, therefore although rent arrears increased against these UC cases, this was offset by an overall reduction.

<p>At the end of 2015/16, 55 Council house tenants were known to be claiming Universal Credit.</p>	<p>Overall in 2015/16, current tenant rent arrears reduced by 7.75% However, rent arrears for these 55 Council house tenants, increased by 46.99% in-year.</p>
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6.2 CURRENT YEAR TRENDS

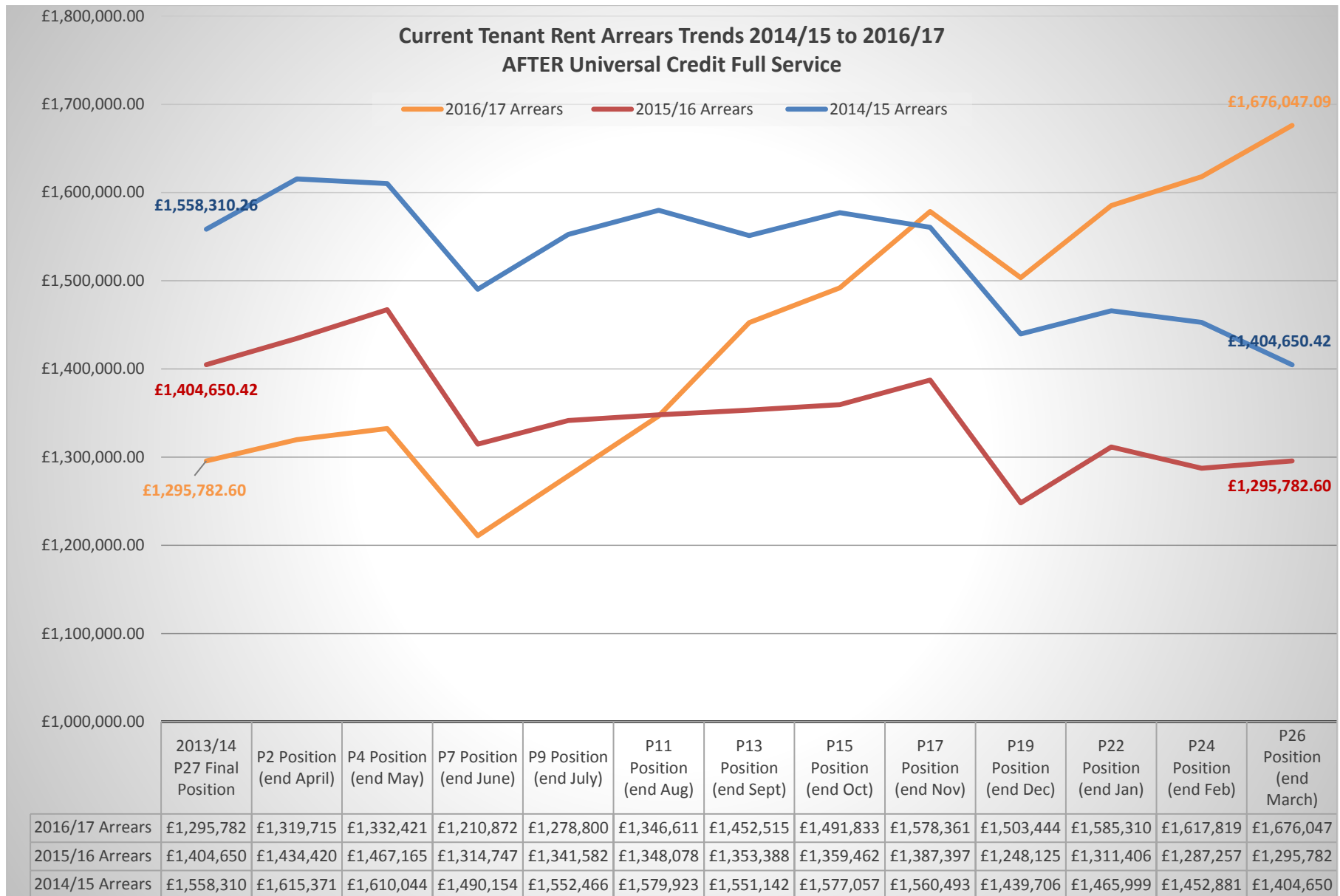
Although the impact of Universal Credit was largely contained within Q1 of 2016/17, there has been a significant increase in rent arrears throughout the remainder of 2016/17.

<p>Current tenant rent arrears reduced from £1,295,782.60 at the end of 2015/16 to £1,210,872.63 at the end of Q1 2016/17.</p> <p>A £84,909.97 reduction (6.55% reduction)</p> <p>NB. This significant reduction was mainly due to the Summer rent charge break at the end of June 2016. This is an expected reduction at this time of year as those in arrears continue to pay.</p>	<p>Current tenant rent arrears increased from £1,210,872.63 at the end of Q1 2016/17 to £1,676,047.09 at the end of 2016/17.</p> <p>This equates to a net in-year increase of £380,264.49 (29.35%).</p> <p>The increase in rent arrears in 2016/17, has wiped out the reduction in rent arrears reported in both 2014/15 and 2015/16.</p>
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<p>£233,986.01 of the in-year increase in 2016/17 relates directly to debt associated with UC (61.54%).</p>	<p>The remaining £146,278.48 of the in-year increase relates to debt associated with tenants NOT claiming UC.</p> <p>One of the main challenges in 2016/17 was the increased workload associated with managing a full rent arrears caseload. Rent Officers had to maintain ongoing and sustained levels of contact with UC claimants, often meaning that less targeted and focused arrears intervention work was carried out against other tenants.</p>
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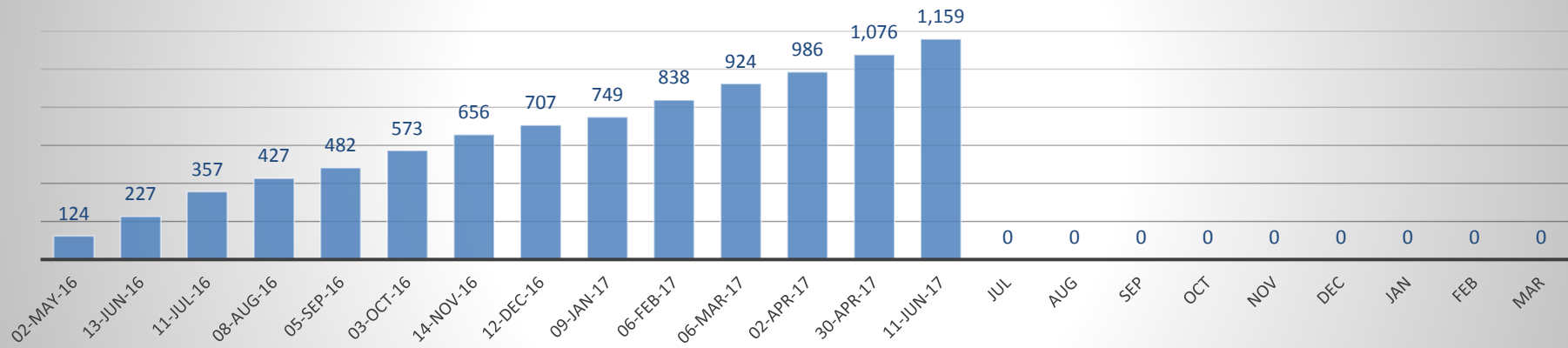
The graph on the next page demonstrates the stark contrast between the trends of 2014/15 and 2015/16 and the trend in 2016/17 since UCFS was introduced.



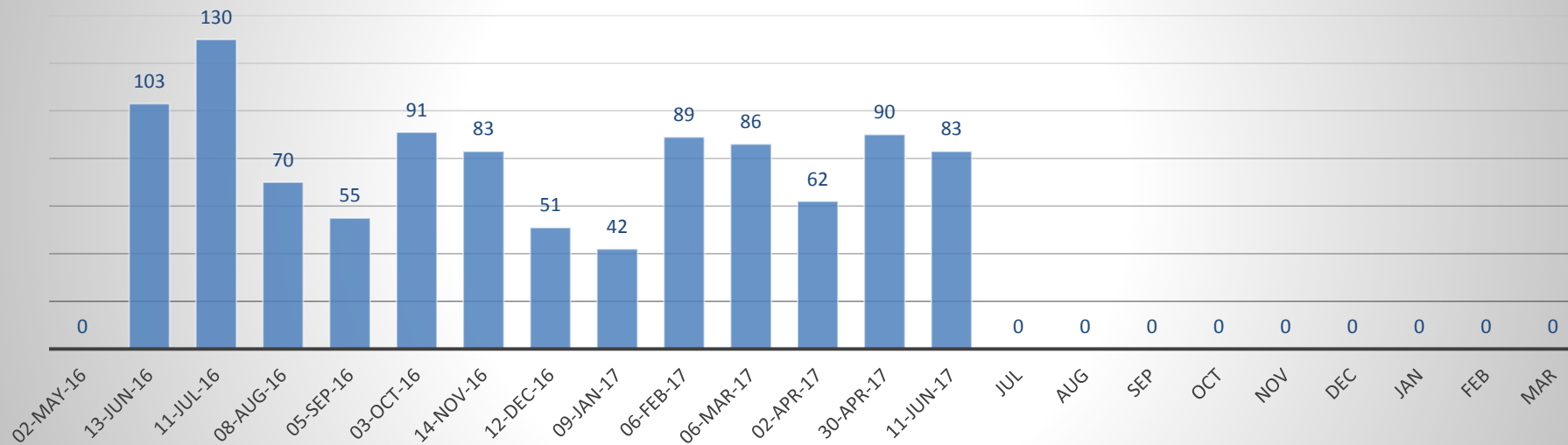
6.3 COUNCIL HOUSE TENANTS – UNIVERSAL CREDIT STATISTICS

<p>At end 2016/17 986 Council house tenants were <i>known to have been</i> claiming UC</p>	<p>The total value of rent to be collected from these tenants each fortnight was £126,387.52.</p> <p>This equated to £3,033,300.48 over a 12 month period</p>
<p>261 of the 986 tenants had a clear rent account at the start of their UC claim</p>	<p>725 of the 986 tenants had rent arrears at the start of their UC claim – 73.53%</p> <p>The total value of these rent arrears were £548,334.66</p> <p>The average debt owed was £756.32</p>
<p>At end 2016/17 220 tenants had a clear rent account</p>	<p>766 tenants had rent arrears at the end of 2016/17 - 69%</p> <p>The total value of these rent arrears were £782,320.67</p> <p>The average debt owed was £1,021.30</p> <p>It is recognised that a high portion of tenants moving onto UC had existing rent arrears. The concern is the rate at which the debt is increasing per case compared to tenants claiming Housing Benefit or having no financial assistance.</p>
<p>By way of comparison, at end 2016/17, the average rent debt associated with tenants claiming full or part Housing Benefit was £397.08</p>	<p>At end 2016/17, the average rent debt associated with tenants receiving NO financial assistance was £569.55</p>
<p>For non-UC claimants there was a 19.57% increase in rent arrears in 2016/17</p>	<p>For UC claimants there was a 42.67% increase in rent arrears</p>

No. Universal Credit Tenancies 2016/17 & 2017/18



No. NEW Universal Credit Tenancies by Month 2016/17 & 2017/18



6.4 ALTERNATIVE PAYMENT ARRANGEMENT (APA)

Alternative Payment Arrangements (APA) are provided by DWP and can be awarded in the following circumstances:

1. DWP can pay the UC housing element to the landlord in order to safeguard the claimant's home. This managed payment of the housing cost element will be deducted at source by DWP and paid as a priority APA.
2. Where appropriate, DWP will consider an application for a more frequent UC payment, i.e. fortnightly instead of the normal monthly payment.
3. A split payment can be made by DWP between partners if for example, there is deemed to be financial abuse and one partner mismanages the UC payment, or where domestic violence is an issue and the couple decide to remain together in the same household but only one claim to UC is made.

The process of applying for an APA under Full Service has proved to be problematic, particularly in relation to the sharing of information by DWP and delays in receiving payment. For example:

If a claimant is to receive their UC payment direct, this will be paid to them around 6 weeks after they have made a claim. DWP will aim to make their first payment no more than 7 days after their first assessment period has ended. However, if payment is to be made direct to a landlord, DWP will not make payment direct to landlords individually on the due date, but produce a four-weekly payment file. In effect, landlords can receive payment direct between 1 and 27 days after the assessment period ends. This effectively means that at best, we can expect to receive a payment 38 days after the claim has been made, but at worst, this could be 72 days after the claim has been made (10 weeks). Therefore the impact on rent arrears and the Council's cash flow can be severe.

The approach taken by the Revenues & Welfare Support service throughout 2016/17 has been to try and engage with tenants affected by UC with a view to agreeing a local arrangement in the first instance. Where this has failed, an APA has subsequently been applied for in the hope that the ongoing rent element can be paid direct to the Council and not to the tenant.

We have seen increasing levels of APA applications throughout 2016/17, particularly as DWP processes improved slightly mid-year, however we still feel there is a long way to go until the process under UCFS is fully fit for purpose. In most instances, Officers are having to wait for a four-weekly payment file from DWP to know 1) if an expected payment has been made 2) how much the payment is. This lack of information and impact on collection and debt recovery has given rise to serious concerns around the impact of UC on Council income as UC claim volumes continue to increase.

The reconciliation of APA payments coming into the Council from DWP is extremely time consuming for Rent Income staff each month, particularly as volumes increase. In addition to the added workload for the Rent Income team, the Revenues Systems team has been greatly impacted by the manual work which is now having to take place in terms of managing DWP payment files. Examples of this are:

- DWP has combined UC payments into an existing payment file. The UC payments contain additional data for managed payments and rent arrears but DWP has included prefixes against payment references which has broken automation of the payment posting process as the team can no longer validate the payment reference field.
- The amount of mistakes DWP is continually making within the reference number field has increased substantially.
- A payment posting job which once took 10 minutes has turned into at least 3 hours by the time all corrections have been identified and dealt with.

Concerns and suggestions for enhancements to the process are continually being passed to DWP colleagues by Council staff but the same errors are repeatedly being made by DWP.

<p>At end 2016/17, 405 APA had been requested from DWP – 41.08% of the total number of UC claimants.</p> <p>380 were requested as a result of rent arrears</p> <p>19 were requested on the grounds of vulnerability, i.e. drug addiction, mental health.</p>	<p>189 of the APA requested were in payment – 19.17%</p>
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6.5 THIRD PARTY DEDUCTION (TPD)

The process of applying for a Third Party Deduction (TPD) for council tax or rent arrears from DWP has been difficult, with little or no communication received from DWP for a number of applications submitted. In some cases, numerous applications for the same claimant have been submitted with no contact from DWP for months.

Towards the end of Q3 in 2016/17 a shift in approach saw a small increase in the number of applications made, albeit volumes up to end March 2017 were relatively small. The lack of communication from DWP around the progress of applications in particular has been frustrating, but in early 2017/18 the volume of TPD applications has increased more significantly and it is hoped that the DWP process will be developed sufficiently to allow us to build on this further in 2017/18.

<p>At end 2016/17, 25 TPD had been requested from DWP – 3.26% of the total number of UC claimants in arrears</p>	<p>10 of the TPD requested were approved by DWP and in payment – 40.00%</p>
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6.6 SKIP CYCLES

One area which has proven to be challenging and which we were not aware of was the DWP UC 'skip cycle' process. An explanation is shown below.

- Universal Credit is assessed and paid to claimants calendar monthly
- East Lothian Council charges rent fortnightly
- DWP pays direct to landlord on a four weekly basis
- Although there are 12 monthly payments made to the claimant in one financial year, the four weekly rent payment cycle to landlord means there are 13 payment dates in any financial year
- This is why one payment to landlord is 'skipped' to align with the 12 monthly amounts
- This reconciles at the end of a financial year (assuming the claimant is receiving UC for a full year). However, every case has a different skip cycle and this varies for individual claimants. DWP has advised that the decision as to when a skip cycle will be put in place is down to individual DWP Assessors.

6.7 SCOTTISH FLEXIBILITIES

In January 2017, The Scottish Government announced that UC payments in Scotland will become more frequent and adaptable. The use of new flexibilities around UC payments marks the first use of the new social security powers under the Scotland act 2016.

In order to safeguard claimants and landlords, the new flexibilities will enable tenants the choice of having the housing element of UC payments made directly to landlords. In addition, new applicants within Full Service areas will be given the option of twice-monthly payments in arrears instead of the DWP's current month in arrears payment system.

While the DWP safeguards are already in place for claimants and landlords, it is the DWP Agent who decides whether an APA should be put in place. Under the Scottish flexibilities, the claimant will be more systematically in control and will decide whether they wish their payment to be made directly to their landlord and/or on a more frequent basis.

Scottish flexibilities will not replace the DWP's system for APAs which will continue to operate for those who fall under the current requirement criteria that enables payments to be made direct to social landlords, e.g. where a claimant is considered vulnerable or has rent arrears.

The Scottish flexibilities will be implemented in October 2017. This will be restricted to Full Service sites and subject to a Service Level Agreement being signed by the DWP.

7. WELFARE RIGHTS SERVICE

The Welfare Rights team in East Lothian provide free, confidential and independent advice on welfare benefit and financial issues to all residents of East Lothian. The team increases knowledge and take-up of social security and related benefits, including Universal Credit, provides assistance with benefit checks, benefit applications, form filling and follow up advice. The team advocates in challenging negative benefit decisions at mandatory reconsiderations and representation at first tier and upper tribunals.

The Council's Welfare Rights team also offers a Macmillan Cancer Support service to support the financial needs of people with cancer, and their families, living in East Lothian.

One of the main issues for the Welfare Rights team in 2016/17 was providing support and representation to residents claiming Universal Credit. Supporting vulnerable clients in particular was resource intensive due to difficulty using computers, budgeting difficulties, mental health problems, chaotic lifestyles and illness. Although DWP staff have been issued with guidance in supporting complex needs cases, it was felt that there was little evidence to suggest this was being adhered to.

DWP's failure to backdate arrears greater than one month when an appeal has been won is proving challenging. The team is currently making representation to the DWP in an attempt to change this policy.

There are challenges in terms of the team's capacity to support people in hospital who need to claim UC online. At present, these cases are being referred to the local Jobcentre, but this is adding more stress to an already difficult situation.

There is still confusion around how DWP processes assist claimants who do not qualify for UC (means tested) but will qualify for contribution based benefits instead. Further changes have been made to DWP processes, however again the team is making representation to the DWP around this complex issue.

Examples of case studies are shown below to best demonstrate the complexity of the cases the Welfare Rights team are involved in.

Case Study 1

- February 2016 - Customer fails ESA assessment (previously ESA/CB). Mandatory Reconsideration lodged.
- March 2016 - Mandatory Reconsideration decision to uphold original decision and disallow ESA - appeal lodged.
- April 2016 - Confirmation that appeal accepted.
- March 2016 - East Lothian now UC Full Service site.
- June 2016 - Customer goes on holiday and JSA withdrawn and has to apply for UC (given that appeal was accepted April 2016 should have gone on to reduced ESA but this did not happen).
- Application process for UC/ESACB was a problem due to system not recognising Contribution Based Entitlement but this has improved.
- July 2016 - Appeal hearing allowed benefit to be reinstated with backdate to February 2016.

- Tribunal decision not acted upon and no response to letters to DWP and UC Service Centre. Infrequent payments made but no backdate and recognition of entitled to Contribution Based benefit.
- November 2017 – Welfare Development Officer escalates case. DWP Complaints and Policy Division get involved (Full Service had not been prepared for Contribution Based cases and DWP staff knowledge was limited).
- April 2017 - Case finally resolved 14 months after first Mandatory Reconsideration lodged and backdated payment made

Case Study 2

- Referral from Macmillan Cancer Support Centre.
- Customer receiving Statutory Sickness Pay which had stopped and experiencing difficulties applying for UC.
- Home visit - Online account had been set up but DWP had not recognised the entitlement due to NI record therefore UC new style ESA.
- When payment was eventually made this was only UC standard allowance. UC had been made aware that a DS1500 special rule was relevant and should have received higher rate work capability element.
- Case referred to Welfare Development Officer for escalation and case resolved with large backdated award.
- Customer died 26.03.17 but ongoing issue as daughter received debt recovery letter for over £900 for UC overpayment. Daughter called DWP Debt Management team who gave her UC contact details. UC would not give her details as was not the customer and she had no authority to be given information.
- Letter to DWP Debt Management team 10.05.17 stating that until they could clarify overpayment no repayment would be made. No response as yet
- Daughter got a similar letter regarding PIP overpayment and this was explained clearly to her.

Case Study 3

- June 2016 - Referral from NHS, SW, and ELC Tenancy Support.
- Customer in hospital after leg amputation (other medical conditions PKU with cognitive difficulties and asthma).
- Unable to return to family after relationship breakdown and no independent income.
- Visited in hospital to assess situation, no computer access, no mobile phone, no independent bank account.
- Phoned DWP UC Service Centre to explain situation. (PIP application initiated with no issues). Quote from UC- “He really needs to take some ownership or have someone take it ”
- Could not discharge himself from hospital as no home to go to. ELC Homeless Team and Tenancy Support Officer liaised with UC. Scottish Welfare Fund team contacted to provide mobile phone, and meet other financial needs. Welfare Rights Officer and Tenancy Support Officer took customer to Foodbank.
- Response from UC was that other services such as Social Work needed to step in to assist with UC claim.
- UC claim was eventually resolved September 2016 and payment made. However, issues with backdating.
- Customer recently attended an assessment with regards UC taking into account health problems. Case not yet concluded.

8. REVENUES & WELFARE SUPPORT SERVICE RESPONSE IN 2016/17

Staffing	<p>1.1 Welfare Development Officer</p> <p>From October 2016, the Revenues & Welfare Support service introduced a new 12 month temporary post, funded by DWP, to lead on the preparation and implementation of the Revenues response to Welfare Reform. The appointed Office:</p> <ul style="list-style-type: none">• Has a leading role in the local support and delivery of the Department for Work & Pensions (DWP) Universal Credit service by working with key internal and external services to adopt new working practices and promote positive stakeholder relationships in order to minimise the impact on the Council and residents of East Lothian.• Maintains awareness of developments in national policy, best practice, and has a detailed working knowledge of all relevant legislation to develop and contribute to Council's policies and practices to ensure that they conform to statutory provisions• Investigates and implements initiatives and work with internal/external services to develop working practices to mitigate the impact of Welfare Reform to the Council and residents of East Lothian.• Acts as the Council's Single Point of Contact for the DWP/Job Centre Plus in relation to service delivery arrangements, particularly the local delivery of Universal Credit• Works collaboratively and builds positive stakeholder relationships, both internally and externally• Develops effective communication networks across the Council and with external Agencies to ensure the best possible outcomes for East Lothian residents affected by Welfare Reform• Works with Community Groups within East Lothian, for example Local Area Partnerships, Community Councils and East Lothian Tenants & Residents Panel.
	<p>1.2 Welfare Rights Service</p> <p>The Welfare Rights service was transferred from Adult Wellbeing to Revenues in January 2017.</p> <p>This internal move has strengthened referral links for vulnerable clients and has led to greater synergy between the teams, leading to earlier intervention and positive outcomes for clients/customers.</p>

1.3 Rent Income Team Staffing

In April 2015, the Revenues & Welfare Support service produced a UC impact assessment report, which detailed how much additional rent East Lothian Council would need to collect direct from UC claimants, what the potential financial risk would be to the Housing Revenue Account if rent from these tenants was not collected and how many additional staff would be required in order to collect, at full caseload, £8.3m from UC claimants.

The impact assessment covered a four year period, however as East Lothian became a UC Full Service site at the end of 2015/16, the volume of UC claimants has increased far more quickly than first anticipated.

In response to this changing environment and the challenges faced by the Revenues & Welfare Support service, as part of the Council's budget setting process on 21 February 2017, £100k additional investment was made available to support the rent collection service in mitigation of rent arrears. This is a very welcome, permanent investment and appreciated by staff working within the Revenues & Welfare Support service.

The Revenues & Welfare Support service produced a Business Case outlining how this additional funding would be used, a copy of which is available on request, however in summary:

1. In order to strengthen our preventions and early interventions approach, the Revenues & Welfare Support service is in the process of recruiting **2 additional Rent Income Advisers**.
2. In order to support the Officers managing more serious arrears cases and to ensure the legal stage debt is being managed effectively and timeously, the Revenues & Welfare Support service is in the process of recruiting **1 additional Rent Income Officer**.
3. In order to further support Officers managing more serious arrears cases, the Revenues & Welfare Support service has accepted an application for increased working hours from one part-time Officer.
4. The Revenues & Welfare Support service is currently trialling the use of laptops for mobile working and will invest in additional hardware to support UC claimants whilst on home visits.

Although there has always been capacity within the Rent Income Team for senior Rent Income Officers to carry out lone working duties to visit tenants with serious rent arrears at home, this approach has been extended to include early intervention visits for new UC claimants. In order to be able to provide this level of service to a growing number of UC claimants, staff which were previously working in an office based advisory capacity are now undertaking home visits to tenants, often in low level arrears. Advisers took on these new duties and a job re-evaluation was subsequently carried out.

	<p>1.4 Modern Apprentice</p> <p>The recruitment of Modern Apprentices within the Revenues & Welfare Support service has proved to be an extremely successful and worthwhile investment in young people. The Service has had a 100% success rate in finding permanent employment within the Council for qualified Apprentices (5 MA's have already found employment).</p> <p>The Service currently employs 4 Modern Apprentices. In order to support Council house tenants through the early stages of the transition to UC, one of these Modern Apprentices assists largely with UC administration tasks, thus increasing office based capacity to allow Rent Income Advisers to carry out more home visits as the volume of UC claimants increases.</p>
<p>Systems Development</p>	<p>2.1 Implementation of Mobyssoft Rentsense</p> <p>The Revenues & Welfare Support service procured and implemented a new software service to assist in the management of rent collection and debt recovery.</p> <p>Using predictive analytics, the new software enables the team to intervene with a tenant before they get into arrears, and even to identify if they may struggle with rent in the near future.</p> <p>This approach has allowed us to focus resources more effectively based on priority and risk and are system driven.</p>
	<p>2.2 SMS Texting</p> <p>The Revenues & Welfare Support service has found that sending SMS messages to customers has been an effective method of communication in recent times – research shows that 97% of all text messages are read within three minutes of them being sent.</p> <p>Revenues teams currently use TextAnywhere software to send bulk messages to a number of customers at one time. Functionality has recently been developed and is now being successfully used to send and record individual messages as an alternative to more traditional forms of contact e.g. letters.</p>
	<p>2.3 Orchard Housing Management System Upgrade</p> <p>The Orchard Housing Management system has been developed to assist with the management of rent collection for UC claimants. A further release of software at the end of November 2016 has provided Rent Income staff with a more efficient means of capturing key information about tenants and their UC claim progress/status.</p> <p>The Revenues & Welfare Support team has been instrumental in influencing the system developments, using experience of UC Full Service to provide feedback and advice on future system requirements.</p>

	<p>2.4 Entitled To UC Online Calculator</p> <p>East Lothian Council has provided an online Housing Benefit calculator for many years to assist potential claimants in obtaining an estimate of any Housing Benefit award they may be entitled to.</p> <p>It has been necessary for the Council to look at an alternative online calculator to allow potential UC claimants to obtain an estimate of any UC entitlement.</p> <p>A suitable software provider was identified by Revenues & Welfare Support staff and the new customised solution for East Lothian Council was implemented in Q3 2016/17.</p>
<p>Service Development</p>	<p>3.1 Council Tax Reduction Scheme Process Review</p> <p>In response to a significant dip in CTRS spend during early 2016/17, a detailed analysis was carried out in July 2016 to identify the reasons for the reduction and to make recommendations for changes to existing processes to ensure entitlement is maximised where possible. The findings from this exercise, including a detailed action plan, are available on request.</p>
	<p>3.2 Council Tax Recovery Process Review</p> <p>To help avoid new UC claimants from incurring a 10% surcharge for non-payment of Council Tax whilst they await payment from DWP, additional intervention work is being carried out by the Council Tax team at key stages within the debt recovery process. New communications have also been developed to ensure that UC claimants understand their responsibility to pay Council Tax, are receiving all reductions to which they may be entitled and are aware of the consequences of non-payment. This supportive approach has been developed in recognition of the difficulties that many UC claimants face making the transition onto UC and managing monthly budgets.</p>
	<p>3.3 Alternative Payment Arrangement (APA) Analysis</p> <p>Although East Lothian Council had a small number of APAs in place under the UC 'Live' Service, the process of applying for an APA and managing incoming payments to the Council under Full service has been markedly different and Revenues & Welfare Support staff have encountered a number of issues.</p> <p>DWP is aware there are a number of issues associated with the APA process under Full Service and DWP developed their processes mid 2016/17 to improve this. Staff are reviewing these improvements and will continue to monitor closely and feedback to DWP Partnership Manager.</p>

Communication	4.1	<p>UC Information Leaflet</p> <p>The Revenues & Welfare Support team has worked with Corporate Communications colleagues and other Council services to develop a Guide to Universal Credit for staff and customers.</p> <p>An electronic copy is available at www.eastlothian.gov.uk/uc or a hard copy is available on request.</p>
	4.2	<p>Council Website</p> <p>The Revenues & Welfare Support team has been responsible for developing and publishing UC related information on the Council website, to provide assistance for staff and customers.</p>
	4.3	<p>East Coast FM Radio</p> <p>Revenues & Welfare Support staff have participated in local radio shows, along with the chairperson of East Lothian's Tenants & Residents Panel (ELTRP) to raise awareness of UC and to promote the help available from Council teams.</p>
	4.4	<p>Christmas 2016</p> <p>Due to the nature of Universal Credit and the majority of payments being made direct to claimants from DWP, Christmas 2016 was a real concern for Revenues & Welfare Support teams. There was a likelihood that many UC claimants would use their Universal Credit payment to cover Christmas expenses and a risk that council tax and rent would not be paid.</p> <p>Targeted work was carried out in early November 2016 to identify high risk claimants who had rent arrears so that new applications could be made to DWP for payment direct of any housing costs and arrears deductions.</p> <p>A social media and local radio campaign were also carried out to raise awareness of the importance of keeping rent and council tax payments up-to-date over the Christmas period.</p>
Partnership Working	5.1	<p>Operational Delivery Group (ODG)</p> <p>Revenues & Welfare Support staff, along with representatives from other Council teams, attend regular ODG meetings with DWP colleagues to discuss operational matters and to support the rollout of UC across East Lothian.</p>

	<p>5.2 UC Issues Log</p> <p>Revenues & Welfare Support staff have developed a UC Issues Log which captures information about operational issues raised by Council teams as a result of UC. Progress made against items logged is monitored, reviewed and escalated by the Revenues & Welfare Support team, where appropriate, on an ongoing basis.</p> <p>This document has formed the basis of the discussion at the ODG meetings in order to identify areas for improvement.</p>
	<p>5.3 DWP Operational Excellence Delivery Team</p> <p>DWP offered to send their OED team to East Lothian to assess the impact of UC on Council services. This meeting was held in November 2016 and representatives from various Council teams attended. The visit proved to be ineffective in that DWP staff were unable to provide responses to most of the questions/concerns raised by ELC staff.</p>
<p>Training</p>	<p>6.1 Housing Quality Network (HQN) Training</p> <p>The Revenues team has worked with Tony Newman (HQN Consultant) for many years and Tony was on site again to work with collections staff around UC mitigation in 2016/17.</p>
	<p>6.2 Refresher Training for Customer Service Staff</p> <p>Revenues & Welfare Support staff have carried out UC refresher training for Customer Service staff to raise awareness of the key aspects of UC and in particular the impact on rent collection and arrears.</p>
	<p>6.3 Training for Community Learning Development Team & School Head Teachers</p> <p>Revenues & Welfare Support staff have carried out UC briefing sessions for Community Learning Development staff and also School Head Teachers to raise awareness of the financial difficulties many families are facing whilst awaiting their first UC payment and switching to managing a monthly budget.</p> <p>These sessions have been so well received that staff members have been asked to attend the Head Teachers Conference in September 2017 to deliver this training to a wider audience.</p> <p>Some feedback from these sessions is shown below.</p>

FEEDBACK FROM UNIVERSAL CREDIT BRIEFING SESSIONS



9. FUTURE MITIGATION WORK

Staffing	<p>1.1 Rent Income Team Working Patterns</p> <p>The Revenues & Welfare Support service will consider whether the working patterns of the Rent Income team need to be reviewed to effect greater tenant engagement, e.g. in the evenings and at weekends.</p>
Service Development	<p>2.1 Review of Rent Arrears Recovery Process</p> <p>A new rent collection recovery process was established in early 2014 and has proven to be extremely successful. Process and procedural enhancements have been made over the past 3 years, however a full review of the existing recovery process and all supporting documentation is now underway.</p> <p>Although some small enhancements are being proposed, early indications show that the core process will remain largely unchanged. This in itself is very reassuring. The Council's own Legal Services team agrees that the proposed changes will further strengthen the process and have indicated that the enhanced process is by far, one of the best models of good practice they have seen.</p> <p>The new process will be implemented from 1 September 2017 when vacant posts are filled.</p>
	<p>2.2 Review of Tenant Communications</p> <p>In order to compliment the enhanced rent arrears recovery process, enhancements to existing tenant communications have also been identified, but again, these are largely around ensuring UC tenants have access to all of the information and services they need. As our own experience of UCFS grows, we are making sure that we are passing on this information to our tenants, where relevant.</p> <p>These changes will also be effective from 1 September 2017.</p>
	<p>2.3 Reclassification of High Level Debt Cases</p> <p>From 1 September 2017, a High Level Debt case will be reclassified to take into account the lengthy assessment periods UC tenants face when waiting for their first UC payment.</p> <p>At present, a case can be deemed a High Level Debt case when it reaches between £350 and £500. This threshold is determined by geographical patch and the overall number of tenants in arrears in that area.</p>

	<p>For UC claimants paying an average weekly rent, they can easily accrue new debt of £350 before their first UC payment is even received. Experience is showing that, in most cases, tenants are not in a position to repay the debt accrued during the assessment period from their first UC payment. The first UC payment can often be a lesser amount after deductions. Repayment arrangements are being set up to repay the debt owed and ongoing contact with the tenant is maintained during the early months of their claim, and in some cases after that. We do not believe these cases should be immediately classified as High Level Debt cases and it is our intention to carry out more early intervention work within the recovery process for these tenants and not to immediately classify as a High Level Debt case.</p> <p>As well as setting an arrears threshold, from 1 September 2017, a case will not become a High Level Debt case until a Pre Legal Action letter (or Pre Action Requirement PARS letter) has been issued. A Rent Income Adviser will take the case to this stage before handing over to an Officer as a High Level Debt case. In the majority of cases, the debt will be in the region of £600 at this point.</p> <p>Data modelling has been carried out to establish the impact of these changes on individual caseload levels.</p>
	<p>2.4 Realignment of Geographical Patches</p> <p>Geographical patches will be reviewed from 1 April 2018 with a view to moving Officers to different patches.</p>
	<p>2.5 Survey of Universal Credit Claimants</p> <p>Revenues & Welfare Support staff carried out a survey of around 700 claimants across East Lothian to gather feedback about their experience of claiming for and managing UC payments. The survey is due to close at end July 2017. Responses will be analysed and shared with relevant parties.</p>
Partnership Working	<p>3.1 Advice Services Referrals</p> <p>Revenues & Welfare Support staff will take the lead role and will work with internal and external stakeholders to design and implement a comprehensive and pro-active advice service referral system which delivers high quality and co-ordinated referrals to support agencies who can then provide advice to customers affected by Welfare Reform.</p>
	<p>3.2 Working with other Councils and Housing Associations Implementing UC Full Service</p> <p>East Lothian Council is building close links with other Councils and Housing Associations affected by the early rollout of UC Full Service. It is hoped that sharing experience and good practice will provide mutual benefits.</p>
	<p>3.3 Cosla and Scottish Government</p> <p>Both Cosla and the Scottish Government are keen to understand the impact of UC Full Service in East Lothian and Council Officers are regular attendees at meetings with both organisations, often involving representatives from other Scottish Councils.</p>

10. CONCLUSION

Feedback from Revenues & Welfare Support teams providing support for UC claimants has indicated there are a number of operational and technical difficulties within the Full Service, which are causing concern for staff and claimants alike. For more detailed information about the impact on claimants, in particular the emerging social impact, refer to the Universal Credit Customer Survey carried out by the Revenues & Welfare Support service in July 2017.

Although general process guidance is available from DWP, there have been many instances of Data Protection breaches, missing or inconsistent information and duplication of information. Revenues & Welfare Support staff regularly experience a backlog of UC payments to claimants due from DWP Service Centres, meaning that claimants have not received their UC payment on the due date, and have had to approach the Council for assistance. All of this feedback has been passed to local DWP partners.

Although it is imperative that Revenues & Welfare Support teams continue to provide an intensive support to more vulnerable claimants, there are concerns as to the longer term sustainability of providing this current level of support. However, the consequences of not doing so would have significant financial implications for the Council.

The working relationship with the Musselburgh Job Centre has generally been good but dealing with the DWP Service Centres has been difficult, even when phoning for general advice or assistance. There seems to be a lack of clarity around procedures and there have had many examples of very poor customer service being given to both Council staff and claimants. There is a lack of confidence in the advice being given by Service Centre staff. Again, findings are regularly being reported to local DWP partners.

Revenues & Welfare Support Management have concerns about the wellbeing of staff in collections and support teams working to mitigate the financial impact of UC on the Council, whilst at the same time trying to offer the best possible support and guidance to customers who are struggling to cope financially as a result of a lengthy waiting period and assessment period which often results in debt accruing or increasing during the early stages of their claim, as well as having an impact on their own health and wellbeing. Additionally, UC claimants must comply with expectations set by DWP to manage an online account which must be accessed every 5 days to avoid sanctions being incurred.

The financial impact on East Lothian Council is starting to increase significantly and Revenues & Welfare Support Management are working to compile statistical data to evidence the direct and indirect impact of UC Full Service on Revenues & Welfare Support services, particularly around increasing customer debt.

The debt recovery intervention work carried out by the Council Tax team will ensure help is available to Council Tax payers claiming UC to avoid additional charges being incurred for non or late payment.

Support, guidance and representation will continue to be provided to UC claimants by the Council's Welfare Rights team, to ensure entitlement is maximised and received where there is eligibility.

By deploying additional resource to bolster the Rent Income team's early intervention approach, Council tenants will receive much needed help and support throughout the early stages of their UC claim and during any subsequent periods of change where UC payments may fluctuate or tenants' financial circumstances

change. The additional early stage resource will enhance the debt recovery process and allow the team to better manage early stage arrears and minimise the risk of debt increasing to a more serious level. It is difficult to project the direct impact on arrears levels, as a result of the proposed changes, however by reducing caseload volumes and increasing visiting capacity, we are ensuring that Rent Income staff are in the best possible position to manage the debt effectively. Close scrutiny of performance will continue, as well as the existing practice of auditing caseloads to ensure working methods are consistent, reasonable and manageable.

The Revenues & Welfare Support service will continue to proactively work with other Council services and external organisations to highlight the social and financial impact of the UC Full Service rollout on residents in East Lothian.

11. CONTACT INFORMATION

If you require any further information, please contact:

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