Universal Credit is hurting our city – greatly.

- Foodbanks report their busiest year ever.
- And Birmingham City Council figures show, an incredible three quarters of Universal Credit claimants are in rent arrears.

We cannot go on like this.

Our caseloads also reveal a host of problems.

- Foodbank staff tell us some Jobcentres are failing to supply hungry claimants with foodbank vouchers. This is unacceptable.
- Foodbank demand is so acute, some foodbanks report their stocks are running thin.

Our cases highlight 13 major problems with a system that is becoming inhumane:

1. Wholesale confusion about eligibility to the Housing Benefit component of UC
2. Huge variation in deductions made for advance payments – leaving many without enough to live on
3. Long waits for the correct payments to the self-employed, whose earnings vary week to week
4. UC sanctions being issued against those who are too ill to attend interviews – even when doctors certify the illness
5. Huge benefit delays (of up to five months) faced by those who challenge inappropriate use of sanctions
6. Constituents forced to travel to access IT and wifi to fill in online forms
7. Constituents with mental health conditions denied face to face support
8. Confusion and process delays – in obtaining link codes – for childcare-related components of UC
9. Confusion and delay in payments for those with entitlements to disability benefits and Carer’s Allowance
10. Total confusion about eligibility for those applying from, or moving from, non-UC pilot areas
11. Huge delays in processing benefits for those with more than two children – because UC will only provide support for two children
12. Confusion about how to ensure eligibility for free prescriptions
13. Significant problems for our neighbours who are EU citizens who are told they must re-take the Habitual Residence Test – which appears to be required every time there is a change of circumstance.
Universal Credit – Hurting Birmingham

Data from just ONE Birmingham foodbank
Average food parcels per month

Number of food parcels given out in 2017: 30,577

Number of food parcels given to children in 2017: 11,223

"Biggest issue is the impact of Full Service Universal Credit"
One claimant has been living on under £200 per month after having their UC claim sanctioned twice. They submitted a Mandatory Reconsideration Request in June 2018 and still had not heard anything from the DWP three months later. Telephoning the DWP in late September they were told their claim could take up to another two months to process. *(Birmingham Selly Oak)*

A constituent with complex mental health issues struggled financially under sanctions due to a Mandatory Reconsideration Request that failed to be processed for over five weeks. The sanction came following two missed appointments with their work coach, despite evidence from their doctor that they were too ill to attend. *(Birmingham Selly Oak)*

For the many constituents working on zero-hours contracts or on a freelance basis, reporting their earnings via the online journal is leading to long waits to assess how much they are entitled to and, in several cases, has resulted in underpayments. *(Birmingham Selly Oak)*

An individual in work whose take-home pay is around £675 p/m was deemed eligible for £150 in UC payments p/m. However, that constituent had already received two advanced payments, which are being deducted from their payments in an inconsistent fashion: one month £85 was deducted, the next £20 was deducted. The constituent was also in rent arrears and their housing provider was requesting the Housing Element be paid directly to them – meaning the constituent did not receive any UC payments. The DWP’s response was that £675 should be enough to live on, covering the rest of their rent not covered by the housing element of UC, their bills, food and transport costs. *(Birmingham Selly Oak)*

A constituent in supported accommodation claimed Universal Credit. Their Housing Benefit was stopped but they were advised they were not entitled to the Housing Element of UC, as those living in supported accommodation currently remain on Housing Benefit when they claim UC. The Council disputed this, claiming that – although the constituent lives in supported accommodation – their tenancy is not a supported one, as they receive no care with their tenancy. The DWP allowed the constituent to go back on to their legacy benefits, meaning they can also claim Housing Benefit, but when full-service is rolled out, this matter will need to be addressed. *(Birmingham Selly Oak)*

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For nearly 20 years, Barry has been on strong medication for depression and anxiety. The move from JSA to Universal Credit/ESA generated extra stress and exacerbated his condition. He describes his experience of the Jobcentre as ‘cruel’ and ‘inhuman’ with the threat of escalating sanction and he is unable to claim travel expenses for the £4 bus fare to attend each weekly meeting. He suffers from the lack of face-to-face guidance to take him through the transition; his work coach listens sympathetically but nevertheless tells him she admits she is still mastering the new system herself and has to move on to another client. He struggles to keep up with managing a single lump sum as, with no laptop or Wi-Fi at home, he relies on coming into The Hub on the Firs and Bromford Estate to check his account. In all, the transition has led to a rapid dwindling of his personal savings and his mental health entering a sharp downward spiral. (Birmingham Hodge Hill)

Mark has been recently signed off work with mental health issues. He has been in receipt of Industrial Injuries Disability Benefit since the 1990s, but Universal Credit treats this as earnings and it is fully deductible from his UC. He states that this was not the case with ESA or JSA. As a result, he is having to live on £52 per week IIDB and has to pay his Child Maintenance out of this. As a result, he states that his mental health is being affected. (Birmingham Erdington)

Mrs H has been pushed from pillar to post regarding the 30 hours of free childcare awarded to her four-year-old child, who has been enrolled in nursery on the scheme since the start of the year. When she tried to renew her Tax Credits in June, she was told everything would now be dealt with via UC. Worried about building up an outstanding balance and her child losing his place, Mrs H desperately tried to complete the process through Universal Credit but was unable to get her link code to work on any device. Finally, she and her husband took an afternoon off work to attend an appointment at the Jobcentre to go through the application, only to be told this was only a meeting to get the code to work, and a further appointment would have to be booked to complete the application process for Universal Credit. All the while, nursery fees were building up by the day. Over the following weeks she struggled to speak to anyone who was able to provide adequate advice. Eventually she was informed she is only eligible for 15 hours of free childcare but, given the cost of childcare, this will not meet her family’s needs. (Birmingham Erdington)
Mr and Mrs S are a couple with no children in receipt of Employment and Support Allowance, Personal Independence Payment, Carer’s Allowance, Housing Benefit and Council Tax Support. ESA is now taken as income for their Universal Credit; the income-related ESA has stopped and is replaced by Universal Credit – as has their Housing Benefit; Council Tax Support remains and is paid by Birmingham City Council; their PIP and Carer’s Allowance remains. The 2 DWP departments dealing with the couple – namely Universal Credit and ESA did not communicate effectively, leaving Mr S underpaid UC for over 2 months. Mr S was placed in the all work group that could have easily led to a sanction. *(Central England Law Centre)*

Fay has recently moved back to Birmingham from an area of Lincolnshire that is not a UC Pilot area. She has three children and has been told she cannot make a claim to Tax Credits through Universal Credit. However she is having difficulty doing this and is currently living on Maternity Benefit alone. *(Birmingham, Erdington)*

Robert has been a full-time carer for his grandfather since March 2018 and had not been claiming any other benefit until June 2018. He is now due to receive his first UC payment as a top up and applied to have his UC application backdated to the March that he started claiming Carer’s Allowance. He was refused his and told to make a Mandatory Reconsideration Request but was still denied as Carer’s Allowance is not a benefit that could be used to backdate payments. *(Birmingham, Hodge Hill)*

Nataliya and her husband moved back in together in February 2018 following a separation in September 2017 and informed the tax credit office to change their circumstance to make a joint claim. However, as her post code now falls within a UC rollout area, she was told to call the Jobcentre in order to do so. Her next payment, due in June was not paid. When she asked why, she was told she had received £1,900 for the May-June period, but was shocked as that was not true – she had been paid early due to the May bank holiday and as a result two months of payments had been combined together and no housing element was paid in May and June. As a result, she suffered for the whole month and ended up borrowing the money. *(Birmingham, Erdington)*

A British citizen and their partner, an EU national living and working in the UK for 15 years, submitted a claim together. They disputed their initial rejection, after being told the partner did not pass the Habitual Residence Test, only to be rejected once more because the partner was not entitled to Universal Credit as they had been caring for their 18-month-old baby. *(Birmingham Selly Oak)*
Ms S is in receipt of Housing Benefit and Council Tax benefit and has three children. A change in circumstance triggers the start of a process where she is told she should move onto UC. The DWP informs Birmingham City Council and that, in turn, also triggers the closure of her Housing Benefit entitlement, along with Council Tax Benefit. As the claimant has three children, however, Ms S is then told by the DWP that she is not eligible for transfer onto UC after all (because of the two child policy in UC) and that her entitlement to legacy benefits has to be reinstated. There is invariably a delay in this taking place however, with the DWP taking some time to inform the agencies administering the legacy benefits that the UC claim is no longer live. This can take up to six weeks, and the claimant is not paid the legacy benefits in the interim. Not surprisingly, because Housing Benefit and Council Tax Benefit will have ceased, the claimant ends up accruing significant rent arrears whilst everything is sorted out. (Birmingham, Northfield)

There is no ‘as of right’ entitlement to exemption from prescription charges for people who are on UC. Exemption from NHS charges depends on the individual’s UC award. To be entitled to claim help with NHS costs, patients must be receiving UC either as a single person or as a member of a couple AND for the last complete assessment period they and their partner (if they have one) have had either no earnings or net earnings of £435 or less OR for the last complete assessment period they and their partner (if they have one) have had either no earnings or net earnings of £935 or less AND have a child element included in their award, or had limited capability for work. Not surprisingly, a lot of people are not familiar with these stipulations when they receive an NHS prescription from their GP. There is also no box on the prescription form which people can tick to signify they are on UC, nor which explains who can and who cannot be exempted from prescription charges. Instead, people receiving UC are told to tick box ‘K’ on the prescription form to see if they may be entitled to an exemption. Box ‘K’ relates to Income-Based Job Seekers Allowance. If people do this, however, and they are in a live UC area, they can be fined if it is later discovered that their income is above the relevant UC thresholds. (Birmingham, Northfield)

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An individual, who had been claiming UC since March 2018, had their benefits stopped after they reported a change in circumstances in their online journal. As they were an EU resident, they were told they would have to undergo a Habitual Residence Test, which would take about a month. The DWP appears to expect any EU national in receipt of benefits to simply do without while they conduct a new habitual residence test every time they have a change in circumstance. (Birmingham, Selly Oak)
1. Tenants failing to make their rent payments and finding it difficult to manage their money

This is leading to potential evictions and a financial strain to the Council. The Rent Service is having to invest at least £300,000 per annum on additional staffing to help to mitigate the impact of delays in payment and associated issues (direct payments, alternative payment arrangements (APAs) etc). This money is ring-fenced HRA funding and would otherwise be available to assist other improvements in stock/repairs etc.

The impact of UC on rent arrears has been considerable for local authority tenants in Birmingham. The table below highlights the difference between the numbers of UC tenants in arrears in comparison to the number of non UC tenants as of 23 September 2018.

<table>
<thead>
<tr>
<th></th>
<th>Number of tenants (percentage)</th>
<th>Tenants in arrears</th>
<th>Value of arrears (% of total arrears)</th>
<th>Ave arrears per case</th>
</tr>
</thead>
<tbody>
<tr>
<td>UC tenants</td>
<td>7,205 (12.30%)</td>
<td>5,450 (75.64% of UC cases)</td>
<td>£5,179,800 (33%)</td>
<td>£719</td>
</tr>
<tr>
<td>Non UC tenants</td>
<td>51,412 (87.70%)</td>
<td>13,499 (26.25%)</td>
<td>£10,369,960 (67%)</td>
<td>£202</td>
</tr>
</tbody>
</table>
The table highlights that although 12.30% of current tenancies are on UC, they actually account for 33% of the total arrears. There will always be a cash flow issue of around £100k a week. This is due to the delay of five weeks from the time of claim to the time tenants receive their first UC payment.

2. Reduction of Housing Benefit

In the first 27 weeks of 2018/19 the Rent Service received £10.7m less Housing Benefit income. This is predicted to increase to a £28m reduction in the amount of Housing Benefit credited to the HRA in the financial year. All these cases (previously on HB) that required minimal action will now require manual intervention, proactive support and engagement to secure payments and make sustainable payment arrangements. The Council will also lose control of the support (from Housing Benefit colleagues) to resolve and fast track claims.

The loss of ‘intelligence’ to help support people who need support with housing costs. This is a huge issue and one that will continue to add costs to the public purse going forward. Councils understand the link between housing costs and better outcomes for citizens – under-occupation cases are easily identified. The transfer of housing benefit to UC means councils will no longer have any control or information of the citizens most in need. UC does not factor in local housing issues and the lack of awareness from staff processing claims is resulting in major problems for housing providers.

3. Inappropriate level of funding based on incorrect projections of workload reduction linked to caseload reduction.

The HB caseload has reduced but work does not. This is coupled with the last two annual Administrative Grant funding cuts of £500,000 per annum. The Council has had to increase the ‘subsidy’ on the benefit service to maintain speedy payments of benefit. This money could have been used on other pressures at a time when the Council is facing huge funding pressures.

4. Short notice for new pieces of work that cannot be built into planning

Two recent examples demonstrate this but there are a number of ‘temporary’ admin funds (new burdens and anti-fraud mainly) which are not built into the main grant. Recently we have had very short notice of around £120,000 funding to ‘review’ self-employed cases. BCC no longer has the capacity to deliver this work – especially at short notice. The work has therefore been allocated to an external provider to deliver.

Within the last two weeks we have also been advised that claims with the Severe Disability Premium in payment are to be retained by councils. In Birmingham (pre full service) in Jan 18 we had 3718 SDP claims, now we have 3600 SDP claims. Further room for confusion and a complex position for residents to understand.

The change on Assisted Digital Support (ADS) and Personal Budgeting Support (PBS) – being transferred to CAB from April 2019 was very unexpected. We had worked hard in Birmingham to create an effective partnership for PBS with CAB. ADS is delivered through our library network. There is very little time to plan and deliver this significant change without detriment to our citizens.

Universal Credit – Hurting Birmingham
5. Legacy work on Housing Benefit – confusion for citizens

The list gets longer and it is becoming increasingly difficult for people to understand where they should be going for their housing costs. Even at the start of UC, many people were not aware who was helping to ‘pay the rent’. It has become increasingly more confusing as UC has rolled-out.

Legacy work now includes housing costs for claims for:

- pension age;
- families with more than two children;
- temporary accommodation;
- specified accommodation (supported accommodation);
- where a severe disability payment; and
- other working age cases with no significant changes.

Coupled with the fact that council tax support (see below) and local welfare provision is also provided by the Council – there is much confusion as citizens try and navigate round an already complex system.

6. Council tax collection issues

The two main issues for the council in relation to local tax collection are:

- The drop off of the council tax support (CTS) caseload since going full service. BCC has a reduction of around 3,000 CTS cases which is approximately £2.25m in un-awarded support that we now need to collect. Where this relates to UC, there are many cases where people were not aware this should be claimed separately. This is leading to unnecessary council tax arrears and an increased burden on council tax recovery staff.
- The demotion of Council Tax deductions in the priority order for recovery from UC to 11th. This is making it increasingly difficult to make deductions from benefit.

UC and the single payment isn’t really working and these people aren’t budgeting properly and are falling into arrears.

7. Housing Benefit (HB) overpayment work

There are hidden administration costs of Housing Benefit (HB) overpayment recovery work as a result of UC and this will continue to grow.

Our administration grant (from DWP) covers costs associated to HB recovery activities. When HB entitlement ends the Council loses the ability to recover at source from the HB payment once a transfer to UC has taken place. There is minimal cost to do this at present.

Once on UC, the recovery of HB overpayments forms part of DWP’s ‘Payment deduction programme’ (PDP). The councils costs increase due to added administration steps that it is having to take. This also impacts on the amount of debt recovered. The performance of the PDP is slow in making deductions and passing the payments back to councils. The Council will need to deploy additional resource to manage this going forwards to maintain this income stream. There is an out-dated national SLA in place. There are no clear targets / or waiting times in the SLA.
As at 29.10.18:

- referred 4,274 cases worth £7.4million;
- of these, 1,868 cases (43.7%) with no confirmation from DWP either way as to whether they will make deductions on the Council's behalf;
  - 1,408 or (75%) were created over 30 days ago with some dating back to Oct 2016 (BCC's 'go live' date);
  - at that stage we had approximately £2 million referred and in payment

Further evidence of slow progress on cases we have requested a recall on (to take alternative recovery action). There are 136 cases in total and 104(76%) of these we made the request over 30 days ago.

8. Implicit consent for councillors – and route for urgent enquiries

There is no clear route to escalate councillor and related enquiries. The Council is not funded to ‘chase’ this with DWP. DWP have advised that councillors can use the citizen account to advocate on their behalf. But we are facilitating all this at BCC cost – and it does not always give the answers.

Tim Savill
Assistant Director, Revenues, Benefits and Rents
30 October 2018