

**Item 4**

**The council role in universal credit**

**Purpose of report**

For discussion and direction.

**Summary**

This paper outlines the Government's proposals for a single Universal Credit and the potential role for councils in its delivery.

**Recommendation**

Members are invited to comment on and agree the case for a locally-commissioned face-to-face offer within the Universal Credit system and the lobbying position on the transition period.

**Action**

[Members and officers to pursue opportunities to make the case for local delivery over the rest of this autumn](#)

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## **The council role in universal credit**

### **Background**

1. The Government plans to replace the main working-age social security benefits and tax credits with a single Universal Credit. It is still making decisions about how Universal Credit (UC) will work and how it will be delivered. Many councils consider that local government should play a significant role in delivering the future UC service to claimants. This paper suggests steps the LG Group should now take to ensure those options are properly developed.

### **Universal Credit is a simple vision...**

2. The current range of benefits and tax credits is confusing for claimants, costly to administer, and – despite years of reform intended to strengthen work incentives - does not make it sufficiently clear to people that they are better off working. The Government plans to replace most of them with a single payment, available to those of working age in and out of work, with a single transparent rate at which benefit reduces as earned income rises. Ministers' objective is to encourage work and family responsibility, and to cut the high costs of the current system. In order to make the system simple to administer, the Government aims for the new UC to be claimed online as the default method.
3. When the LG Group Executive has discussed this reform on past occasions, it has endorsed the overall aim of this reform, as have the main parties in Parliament, but expressed concerns about its possible impact on the people councils currently serve.

### **...that raises some complicated issues**

4. Achieving this reform is a task of fearsome complexity. Members will have noted recent press reports suggesting – we believe accurately - that Ministers consider UC to be one of the Government's highest-risk programmes. It carries four broad risks for councils:
  - 4.1. as community leaders: the proposal for a single per-household direct cash payment to claimants, not landlords, monthly rather than weekly, creates a significant risk that claimants may struggle to budget for themselves, and that households whose head is in this position will face more problems than they now do under a system where individual household members receive their own payments; it is also unlikely that the great majority of claimants will be able to access UC online to start with, and that many will need help to make and manage their claims: many councils consider that

**Item 4**

helping local residents who need help in this sort of situation is a core part of what they do;

- 4.2. as creditors: the cash payment creates a risk of higher rent arrears; this could affect landlords, including councils;
- 4.3. as housing authorities, picking up any rise in evictions as a result in claimants defaulting;
- 4.4. as organisations: the proposed merger of housing benefit into UC means that councils would no longer have a role in housing benefit for working-age claimants; this has potentially significant consequences for how councils run themselves; some district councils, for example, may currently employ around a quarter of their staff paying benefits.

**So how will UC be delivered?**

5. It is important for councils that the structure of the Credit and the design of its delivery arrangements should manage those risks adequately. The emerging consensus is that how these risks are managed will depend on the delivery model for Universal Credit. While it is generally agreed that there will need to be a face-to-face service to complement online delivery and the computer systems that lie behind it, that service has not yet been scoped out in detail.
6. In fact, very few firm decisions have yet been taken and promulgated about how the new credit will be delivered or when and how the existing caseload will migrate to the new system. What is publicly announced is that new claims for UC
  - 6.1. will begin in October 2013;
  - 6.2. will be handled, to start with, by Jobcentre Plus (JCP); but that
  - 6.3. decisions about the final delivery arrangement will not be made until 2015 and will not be implemented until 2017.
7. This creates a lot of uncertainty for councils. Unlike the Government, councils are not in control of the decision-making process or timetable for the UC programme and the vast majority of decision-makers in councils have very limited visibility of the Department for Work and Pension's (DWP) approach to the issues, even where they are sighted on the significance of the coming changes. The first year of UC will also be the first year of Council Tax Benefit localisation, which is likely to increase the risks of confusion and financial turbulence.

**Making the case for councils in the UC programme**

8. Local government is represented in the UC programme structures, initially directly by the LG Group and since September by Paul Martin, the chief executive of Wandsworth (we understand him to be representing the LG Group, although DWP prefer to take the view that he represents SOLACE only). LG

**Item 4**

Group and council officers attend other boards within the programme. Through these mechanisms, we are seeking to ensure that councils' concerns are properly considered by the Government's programme. Council officers have also been seconded into the DWP teams working on the design of the new Credit. It is clear that DWP finds it easier to understand issues relating to existing Jobcentre Plus customers than those relating to today's tax credit and housing benefit cases, and we are seeking to help them develop their understanding of these wider issues.

9. It is not for us to decide the pace at which DWP is taking the crucial decisions about the UC programme. But there are three issues on which we need to continue applying pressure:
  - 9.1. councils must be given enough notice and sufficient detail about the transition to the new system to allow them to make sensible plans; the workforce and systems consequences of the planned change are huge and taxpayers will lose out if councils cannot plan and budget for them in a timely way; given the Government's commitment to treat the costs of transition as a new burden, it will also be important to measure them accurately;
  - 9.2. councils need to make sure that the design of the new system, which involves issues and client groups with which DWP/JCP are unfamiliar, is adequately informed by the experience of councils in dealing with those issues and client groups; this is not simply out of a benevolent concern to see the project succeed in itself: failure to understand, for example, the potential impact of the reform on local social housing would have direct repercussions on council services;
  - 9.3. we need to establish what, if any, the future long-term council role in Universal Credit delivery – and indeed in the delivery of benefits in general – will be.
10. The rest of this paper seeks Members' views on how we approach the third of those issues.

**The council delivery role**

11. There is wide agreement that many UC clients will need to be supported by a good face-to-face service, even if the base method for delivering UC is online. The Government's initial estimate of the proportion of clients who will need face-to-face support was about 20 per cent. A survey conducted by the District Councils Network suggests that the median figure is more likely to be 50 per cent, at least initially.

**Item 4**

12. Such a face to face service might have a number of components, including but not limited to:
  - 12.1. help with making claims, for clients who cannot easily do so online;
  - 12.2. help with job search;
  - 12.3. help with budgeting and with creditors;
  - 12.4. help with accessing crisis financial support (a role which will pass to councils from JCP as part of the reform);
  - 12.5. liaising with landlords;
  - 12.6. help with health, addiction, training, and other return-to-work issues;
  - 12.7. the imposition of benefit conditions (such as job search, or attending training).
13. It is clear that no one existing organisation is currently configured to provide such a service. UC creates scope for the development of new customer-centred services on the kind of holistic model many councils envisaged through Total Place. A number of contributors to the discussions so far - including many from outside local government - have made the case for a locally-commissioned delivery model that would allow the best of different existing agencies' delivery offers to be combined in a way that best suited local clients.
14. The Government has, however, chosen JCP as its initial delivery agent for the first two years of Universal Credit. This decision is perfectly sensible, and is explained by DWP's desire to limit the number of changes it will introduce at any one time and so reduce the risk profile of the project. At the same time, it creates a new risk, which is that the ambition of the face-to-face service becomes constrained by the choice of JCP as the delivery agent in the first phase, that councils exit the benefits field as a necessary cost-saving measure, and that decisions in 2015 about long-term delivery models are made on the basis of a suboptimal range of solutions.
15. Working as LG Group, but also liaising very closely with other partners, in particular the District Councils Network within the LG Group family, we have maintained a consistent argument for locally-commissioned face-to-face delivery. This has kept the option on DWP's radar screen. In his letter of 12 September to the Chairman, the Secretary of State for Work and Pensions said:

*I will not take firm decisions on the longer-term delivery of Universal Credit until I have evidence from the initial transition. But in the meantime, as well as continuing to support existing Housing Benefit claimants, I see a role for local authorities in providing elements of the face-to-face service. And in the longer terms, I also see local authorities as having a role in relation to pensioners and housing support. Officials are working with local authority representatives to establish what form this service might take; I look forward to receiving and evaluating the propositions which your officers are developing in these areas.*

**Item 4**

16. Officers, with Allen Graham, the chief executive of Rushcliffe, playing a valuable leading role, have been working up a specific offer to run pilots of a council-convened service alongside JCP delivery from 2013. A number of councils of different kinds and from different parts of the country have expressed an interest in taking part in such an experiment.

**Conclusion and Next steps**

17. Our proposed next steps would be as follows:
  - 17.1. we should continue to focus on the case for a locally-commissioned face-to-face offer (recognising that some councils have no interest in a continuing direct delivery role but would be keen to commission an external service; while others wish to go further and provide back-office and well as face-to-face support under UC);
  - 17.2. officers, who have already fed an initial offer of council-run face-to-face pilots from 2013 into the decision-making structures of the Universal Credit programme at DWP, should continue to press this home throughout the Programme;
  - 17.3. the Chairman should, with the Executive's support, write back to the Secretary of State explaining our position in more detail and asking for a discussion soon about our offer council-based face-to-face pilots from 2013.
18. Alongside this, we would also continue working to ensure the Government understands the need for councils to have a clear and early understanding of how transition to the new system will work so that they can make plans and protect their customers.

**Financial Implications**

19. This work can be accommodated within the agreed budget for the Finance Programme.