

## **Welfare Reform: A role for councils in Universal Credit**

### **Purpose of report**

Update and to seek a steer.

### **Summary**

The statutory framework for Universal Credit (UC) will progressively remove local government's role in benefits processing for working-age claimants. LGA members have always considered benefit claimants will still be people to whom councils have a range of inescapable legal and moral duties.

As a result of much work by the LGA family and partners over the past 18 months the Department for Work and Pensions (DWP) has begun to recognise that there may be a potential role for local government in the delivery of frontline support for UC. This has resulted in the establishment of the Face to Face pilots programme and the Local Support Services Task Force.

The task force recently published the Local Support Services Framework and is seeking feedback from all local authorities by 15 March. This report provides initial indications of the feedback the LGA has received so far. There is also an update on the work of the Face to Face pilots.

### **Recommendations**

That the Executive:

1. note the feedback so far on the Local Support Services Framework and add its own views;
2. endorse the approach suggested at paragraph 17 for taking forward the work with DWP on the Local Support Services Framework; and
3. note the progress made by the LA Face to Face pilots.

### **Action**

As directed by Members.

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## **Welfare Reform: A role for councils in Universal Credit**

### **Background**

1. The statutory framework for Universal Credit (UC) will progressively remove local government's role in benefits processing for working-age claimants. LGA Members have always considered this would not in fact abolish councils' role in supporting benefit claimants, who will still be people to whom councils have a range of inescapable legal and moral duties. Nor will it stop benefit claimants looking to their councils for help.
2. As a result of much work by the LGA family and partners over the past 18 months, the Department for Work and Pensions has begun to recognise that there may be a potential role for local government in the delivery of frontline support for UC. Consequently the DWP and LGA established the Local Government UC Face to Face pilot programme. A specialist "task force" was also established between the LGA, together with WLGA and CoSLA, and DWP. This group produced the UC Local Support Services Framework. Both the establishment of the pilot programme and the task force has been reported previously to the Executive.

### **Local support services framework: Feedback on consultation**

3. The Local Support Services (LSS) Framework was published on 11 February. The framework sets out more clearly than before the planned pace and scale of the roll-out of UC (see **Appendix A** attached to this paper for an account of the government's current plan for the timetable). It also describes the sort of support services for UC claimants which councils might either provide or commission, should they wish, and the kind of partnership with DWP that might involve. There is also an indication of how those services might be paid for and managed.
4. A letter was sent out from Lord Freud asking all Chief Executives to comment on the document by 15 March. The LGA also sent out a letter from Sir Merrick to all Leaders encouraging them to ensure councils' comments are shaped by members' views. On Friday 8 March the LGA held a Universal Credit Conference. Over 100 delegates attended and 60 local authorities were represented. Lord Freud was the main speaker at the conference and was also able to have a private meeting with elected members from the pilot authorities.
5. The resounding message from councils at the conference was that they clearly wanted to help deliver localised support services for UC claimants. However, they now needed more detailed information about the implementation of UC. In particular information about the phasing of the roll out was seen as key to enabling councils to resource their teams adequately. About two-thirds of the councils represented at the conference had briefed elected members on the issues, set up a project group and identified resources to work on UC. Only about a third of councils reported that they had been contacted by their local DWP managers about the issues, and only about a third felt they had effective local working relationships with their District JCP Manager. The key messages from the conference and other feedback we have received so far are outlined below:

### **Local Government's involvement in UC**

6. The general feeling is that local government does want to be involved in the process of supporting residents to deal with UC. Local councils are well placed to co-ordinate the types of support services envisaged in the Framework, as they know their local communities and claimants and have existing links with social landlords, voluntary and community sector partners and others. However, the benefit cap is the immediate and main priority for most councils at the moment. Councils also still feel that further work is needed to define their role within UC.

### **DWP's perception of the role**

7. Authorities feel the Framework is unclear whether DWP anticipates local authorities playing a role in the administration of UC in the long term. The Framework itself refers to "a more diverse model of service provision" in the future. Clarification around this is essential in order to assist local authorities in deciding what role they want to play. As one council said "We are not a stepping stone to bail out DWP in the short term". One important issue in play here is whether councils should be seen as providers – in which case Ministers' desire for a more diverse provider base does imply that their role may only be temporary - or as commissioners – in which case councils could be delivering what Ministers are after by commissioning a diverse provider landscape from day one of the new system.

### **Roll out timetable**

8. Although existing claimants will not start to migrate onto UC until 2014, councils need to know now what the detailed roll out schedules will look like so that service planning can be undertaken now, particularly with regards to housing benefit staff. Councils were unclear about how many claimants they should be expecting in phase 2<sup>1</sup> and phase 3 of UC roll out.

### **Success criteria**

9. Councils should not be held accountable for success criteria they do not have direct control over. For example, improving work incentives and increasing the number of people in employment are suggested as success criteria within the Framework; however, it is proposed that mainstream central government job schemes will remain outside the scope of the Framework. Councils also think that the success criteria should be applied to the partnerships and not them alone. Councils are also sceptical about the suggestion that support services should aim to reduce demand on advisory services over time. This is not the experience of local authorities or local advice agencies. Councils' preference as expressed to us so far is for success criteria based on processes.

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<sup>1</sup> Phase 2 is limited rollout from October 2013 until end of March 2014.

### **Exemptions and alternative payment arrangements**

10. There was a very clear message from councils that they feel they have a definite role to play in determining exemptions to the standard UC rules (for example, allowing direct payment of rent to landlords). Local councils have local knowledge about residents which would be crucial when making a decision such as payment exemption or alternative payments. Currently DWP sees this work as its sole responsibility but is willing to consider a role for councils in recommending to DWP claimants who ought to benefit from exemptions. Councils clearly want to be more involved in this area.

### **Provision of work related support**

11. Authorities were mixed about providing or commissioning this unless they are funded to provide it.

### **Housing related issues**

12. Councils have told us they feel there is currently not enough information about this in the Framework. The partnership around this requires further consideration as it is a crucial issue for local authorities, particularly given concerns about how direct payments will impact on the finances of councils and social landlords.

### **Local Delivery Partnerships**

13. Local authorities welcome the opportunity to establish the partnerships but are worried that the government's approach to welfare reform currently isn't joined up leaving councils locally to make sense of things for residents. It was also felt by a number of authorities that a huge cultural change is needed within Jobcentre Plus as they currently work on a very centralised model. Some councils considered that working across two tiers of local government would present specific issues in their areas.

### **Funding model and incentive structure**

14. There are a number of issues raised:
  - 14.1. In the current financial climate councils are dubious about taking on the responsibility of delivering frontline support to UC claimants for a limited time. Councils felt that funding needs to be guaranteed for a three year period in order to make it worth the upfront investment.
  - 14.2. The framework document recognises that UC will introduce some changes that will necessitate increased service requirements. Assurance is needed that these will be fully funded.
  - 14.3. Further clarification is sought around the term "shared strategic objectives" and how these will/won't be funded.
  - 14.4. The funding of housing benefit staff over the next few years needs to be clarified to assist planning processes.

- 14.5. Lord Freud stated at the conference that “We will pay you to do new things but not to do the same thing”. This needs further clarification, particularly as it creates the risk that both DWP and councils will focus on measuring and prescribing processes at the expense of the operational flexibility that may be needed to help clients in complicated circumstances or who have unforeseen needs.
  - 14.6. Most councils are uncomfortable with the idea that local funding should sit with DWP District Managers. If councils are to be held accountable for something they want to hold the funding for it; indeed, some councils saw it as a conflict of interest for DWP to hold the local budgets as proposed.
  - 14.7. Further detail required around incentivisation.
15. Further issues which have been flagged up are:
- 15.1. Continued concern about the “digital by default” assumption in UC and the fact that although many people have internet access via their mobile phones, this will not be enough to enable clients to access the UC online system.
  - 15.2. Questionable capacity of voluntary sector to provide level of support DWP is expecting.
  - 15.3. On-going reliance of those with complex cases on local authorities.
  - 15.4. Some councils felt unable to provide financial advice.
16. The LGA will continue to seek feedback from a range of authorities until the deadline of 15 March.

#### **Next steps with DWP**

17. If we are going to avoid leaving it to DWP to impose its preferred solutions on councils and continue to influence developments, we will need to continue to influence the department’s thinking and engage. We therefore suggest the following three next steps:
  - 17.1. working together with WLGA and CoSLA, we should provide an overarching written response to the draft Local Support Services Framework on behalf of the sector, drawing together the views of councils;
  - 17.2. we should take forward urgent discussions on the key issues, including those identified in this paper, within the framework of the joint Task Force that developed the Framework; and
  - 17.3. we should add a senior-level political dialogue between LGA lead members and DWP Ministers to guide that process;
18. We have also agreed with DWP that there should be a more powerful and senior official-level group bringing together the project’s SRO and council chief executives, among others, to work on Universal Credit issues. Members may be aware, however, that this is

a time of transition among the senior official structure of the UC programme and that group is not due to meet until May.

### **UC Local Authority Face To Face Pilots**

19. The Face to Face pilots are all progressing well. Attached at **Appendix B** is a briefing paper about the work of each individual pilot. It should be noted that some of the pilots took almost three months to get up and started as they needed to recruit additional staff to help deliver the extra work created by the pilot. We are going to work with the pilots over the next 6 months to organise a programme of events on a regional basis to help share learning.
20. Some of the initial findings from the pilots are that effective triaging can increase the uptake of benefits. Birmingham City Council has identified an additional £6million worth of benefit (predominantly housing benefit) which their residents were not claiming. Bath and North East Somerset have found that only 50% of their client base has access to a PC and of this group 40% of them need support to use IT. They are also working closely with clients to provide them with financial advice. However, they are currently finding that although appointments are being made with financial advisers clients are not turning up for them. Lambeth is doing some innovative work looking at providing budget accounts for claimants as they have identified that 93% of their sample client base has never been responsible for paying their own rents.

### **Financial implications**

21. This is core work provided for within the LGA's policy and workforce team budgets.