

Consultation on Proposals for migration of existing working age income-related benefits to UC Social Security Advisory Committee (SSAC)

The National Federation of ALMOs' response

Introduction

The National Federation of ALMOs (NFA) is the trade body which represents all housing ALMOs across England. The NFA represents 33 ALMOs which manage around 450,000 properties on behalf of their parent local authorities.

This consultation response has been prepared by Lisa Birchall, NFA Policy, Communications and Research Officer. We have responded to the consultation areas outlined by the SSAC where they are applicable to our members. Should have any queries or require further information, please do not hesitate to write to lisa.birchall@almos.org.uk or phone 02476 472729.

Introductory points:

- Our survey of local authority stock-retaining Councils and ALMOs in March 2018¹ showed that there are ongoing administrative problems with the current UC rollout which are affecting tenants and landlords, and increasing arrears. In addition to this, there are problems with how the Alternative Payment Arrangements are working under the Full Service, which means that they are not currently effective in supporting vulnerable tenants. **DWP are aware of these issues, and those raised by other organisations, and should ensure that they are sorted prior to the start of migration.**
- Our survey also showed that Universal Support is patchy across the country, with some areas reporting excellent Universal Support arrangements, and other areas very poor arrangements. Based on this patchy quality, we have concerns that some claimants will not get the level of support required to smoothly migrate to UC.
- We anticipate that claimant groups who migrate to UC from legacy benefits are likely to need even more support with the Full Service digital claim than groups which have already claimed UC. Advice services are currently not geared up to provide the level of support we anticipate being required. **DWP needs to work**

¹ ARCH/NFA, 2018, Carrying the Debt: <http://almos.org.uk/include/getDoc.php?did=8190&fid=9679>

with local Job Centres and partners to ensure that good practice in local partnership working and services, including advice services, is replicated across the country prior to migration starting.

- Although a significant number of people will be able to successfully migrate from the existing benefits to Universal Credit with limited help, the process must work for those with more complex cases, those with vulnerabilities, and those who are digitally excluded. In order to ensure this, the process must be tested by DWP with these groups prior to migration, with sufficient time to learn from these tests. **We propose that migration is tested in a pilot area which has considerable experience of UC roll-out so all elements of the process can be tested. We have members who would be interested in piloting migration as long as sufficient support is provided by DWP.**
- Social housing landlords, including ALMOs, are a natural partner of choice for the DWP and local Job Centres to ensure that vulnerable individuals are identified early and supported through the migration process. **Lessons should be learnt from the rollout of Universal Credit to date to ensure that landlords are key partners from the beginning. Landlords need to be informed at the point the tenant receives the initial migration letter (or even before), so they can provide tailored support where required.**
- **We consider that DWP should not commence managed migration until the Landlord Portal is fully developed.** As part of this, we would advocate the development of functionality to provide and share information around migrating Housing Benefit claimants who have received notice to claim and what their individual deadline periods are. This will enable landlords to support vulnerable tenants to transition, but will also enable preventative work where an extension to the claim process is necessary to prevent hardship.
- ALMOs across the country deliver financial wellbeing and digital inclusion programmes as part of their offer to tenants. However, as UC rolls out and more people transition to UC, there are concerns that the resources to provide intensive support will be spread too thinly. **ALMOs should be adequately funded by Government to provide financial wellbeing, digital inclusion and advice services, recognising their importance as a key part of UC roll out.**

Consultation Areas

The overall migration timetable

- We have considerable concerns that the overall migration timetable is unrealistic considering the complexities of the process and UC system design issues. We propose that migration is tested in a pilot area to explore the process, identify problems and sort them out, prior to a national rollout. It is not acceptable for migrating claimants to bear the brunt of a system not working.
- Landlords will require sufficient notice of the timescale of migration in their local areas.
- The migration process must not start before the current issues with Universal Credit are resolved; this includes administrative issues, but also patchy capacity and training within local Job Centres, patchy quality with Universal Support, and the level and quality of personal support available to individuals.

The arrangements for contacting claimants and inviting claims from them

1. Warm Up Period

There is currently insufficient detail provided around how the 'warm up' period will work and we understand that the details of this process are still being developed. However, as part of these considerations:

- Based on our experience of the rollout of UC to date (as well as other benefit changes), we strongly suggest that DWP puts in place protocols with social housing landlords to identify vulnerable tenants early to support them through the process of migrating. We believe that as Trusted Partners, Social Landlords should be involved in 'warming up' those who are going to be migrated to ensure that resources can be targeted on the most vulnerable.
- It is likely that a number of vulnerable tenants will wait until the last minute before dealing with the letters from DWP, which will lead to significant pressure on individuals, advice services, JCPs and landlords. Tenants are also more likely to be responsive to their housing officer than a DWP visiting officer. Without this partnership working, vulnerable tenants are very likely to reach crisis point before landlords are aware which means that recovery support will be significantly more intensive.

2. Migration Notice

The Regulations allow DWP staff to extend the deadline for making a new claim for UC on the basis of a good cause. However, there is insufficient detail to show how this will work in practice, and we have a few queries around this:

- How will increased discretion locally over this extension be managed so that there is consistency across the country?
- Where will DWP get the evidence/ information about the claimant to determine whether there should be an extension? And indeed, what information will be reviewed to support this decision? As above, we argue that there is a key role for social landlords to identify and support vulnerable individuals proactively.
- Will reviews of extensions beyond the claim deadline be the exception or the norm and how much will DWP make of this provision?

We understand that this process will not be automated and that decisions will be made by human interaction but would like confirmation of this. Our view is that it should not be an automated process.

We see no reason why the minimum deadline to make a claim cannot be extended from 3 to 6 months to ensure the most vulnerable individuals have time to engage with the process and get the support they need to do a Full Service Digital Claim.

3. Deadline day passes and no UC claim

The explanatory memorandum lists actions which can be undertaken in the case of Deadline Day passing and no UC claim being made (instead of cancelling the existing benefit claim). This includes extending the deadline, arranging a home visit, removing the case from the migration process for it to be started again at a later date. We understand that it is the intention of DWP that benefits will not be cancelled if deadline day passes and a UC claim has not been made, however this needs to be confirmed. The NFA would like to see a concerted effort made to contact the claimant, make a home visit and contact any agencies, including the landlord, involved with the claimant to find out the reasons why no claim has been made and offer support if necessary before any decision to cancel benefits is made.

These options have not been outlined in the legislation and we are concerned that the default option will be to automatically terminate legacy benefits, and only undertake the alternative options once the claimant makes contact after they receive no benefits. Detailed guidance should be provided for how these options will be applied in practice, so DWP staff are familiar with the options available and practices are consistent across the country.

4. Delay in making claims attributable to official error

Regulation 2(5) extends the time for claiming UC for up to a month if the claimant's delay in making a claim under the managed migration process is attributable to official error. Although this will help, undoubtedly there will be some cases where tenants only make contact when their money has stopped. If, in this situation, there has been an official error then more time may be necessary for the claimant and the DWP to resolve the issues and claim UC. There should be provision for more than a month in certain circumstances.

Issues associated with making a claim, and ending legacy benefit claims

There are issues associated with the point at which an individual makes a claim for UC and ensuring that they do so at a time which does not leave them financially worse off. Issues have been identified around the interaction between UC payment cycles, work pay days and rent payments which over-complicates budgeting and makes it more difficult for tenants to manage their rent accounts from month to month. These have been highlighted in the report by Child Poverty Action Group, Rough Justice.² Claimants will require person-centred advice and support to ensure they do not lose out in the transfer.

Although existing benefit or tax credit recipients will be able to request an advance payment of UC in the first month, this is still a loan, and claimants need to pay back over 12 months. This time period puts considerable pressures on household budgets (especially when the amounts of UC received differ from month to month) and should be reviewed.

The regulations allow for recovery of overpayments of existing benefits through UC. We are concerned that the time period which these overpayments are recovered in will cause additional hardship to claimants.

Regulation 62 provides for revisions and supersessions of UC when information from legacy benefits is incorrect. However, the claimant will be unfamiliar with the new monthly amounts of UC compared to previous weekly or fortnightly amounts on legacy benefits, so it will be difficult for them to spot mistakes initially. It may well be after the 1-month dispute time before the reduced award becomes apparent to tenants. We would recommend a long dispute time (at least 3 months) so that claimants have time to tell if their money isn't lasting as long or not covering their normal spending and can ask for advice and support.

There is no provision for the Housing Element, which is included within the advance, to be paid direct to the landlord. Providing this option could safeguard more tenancies. Our

² <http://www.cpag.org.uk/content/rough-justice-problems-monthly-assessment-pay-and-circumstances-universal-credit-and-what-ca>

members have suggested that the housing element for migrating tenants is paid directly to the landlord to protect the tenancy within the first month of a UC claim as a minimum.

Regulation 2(4) allows HMRC to terminate the tax credit award in line with regulation 46 and “In-Year Finalise” the tax credit award. Members have also highlighted the fact that they believe that “in year termination of a tax credit award” is more likely to result in an overpayment on the transfer to UC causing increased requests for advice and support with challenging decisions. This is likely to increase the demand for support from landlords, DWP and other agencies.

The calculation of transitional protection (including the treatment of earnings and capital)

Regulation 54 provides for the calculation of an indicative monthly amount, which will be compared with the total legacy amount to ascertain whether any transitional element is payable. There are a few issues around the detail provided so far:

- There is some information provided suggesting that the DWP will gather information from legacy benefits to establish the monthly amounts. Our members have expressed concern at this, since this information is likely to come from a variety of sources. It is unclear how this process will work, and therefore it is impossible to comment on the effectiveness of the proposed plans, and further detail is required.
- Provision of forecasts of legacy amounts and likely UC levels should be accurate and adequate. If the estimates prove inaccurate, then there is considerable potential for under/over payments of UC, and hardship to tenants who have to pay back money or receive less than they are entitled to.

We recommend that the DWP identifies housing costs verification through Housing Benefit, rather than through landlords, where there is a pre-existing Housing Benefit claim. Since the DWP will be relying on information from the Housing Benefit department in relation to transitional elements, there should be no reason why Housing Costs could not be identified and verified through the same process. Social landlords now have to verify rental costs etc. for UC claimants, including those who are not eligible for housing costs. If this process remains the same through Managed Migration, it will lead to a considerable increase on workload on social landlords, and delays.

The impact of proposed transitional protection (including how easily it will be delivered and the degree to which it will be understood by claimants)

Our members have expressed considerable concerns around the capacity and ability of Job Centre Plus staff to effectively support individuals in the migration process. Considering the complexities of the process, we are urging DWP to work with landlords to support tenants to understand the transition.

In Regulation 2(5), DWP states that they will extend the deadline for making a UC claim for those who are 'vulnerable' and 'have complex needs'. Our members have expressed concerns about this definition: who decides which claimants qualify for this definition, and how will there be consistency across the country? There is a strong risk of unfairness. We advise that DWP works closely with advice services and landlords prior to an area migrating to identify those claimants most at risk and take preventative action.

Transitional Capital Disregard – regulation 51. It is unclear how the DWP would access this information or prove the value of capital for a claimant. It is unlikely that this information will be held on any government systems and subsequently the administration of this protection would be difficult and rely on claimants providing the information. We believe it would need to be that the claim form has information included which states the importance of providing evidence as soon as possible if capital is declared, in order to avoid claims being further delayed due to lack of response. This is all the more important as the claimant group is most likely to be families that are working, and disabled workers who receive Tax Credits and potentially have savings.

The impact on workers, including the self-employed

Regulation 59 – minimum income floor (MIF) for SE – provides for self-employed claimants who are managed migrated to UC and are found to be 'Gainfully self-employed' CSE. MIF will not be applied for 6 months. One of our members has raised an issue around the impact this will have on the self-employed, who often have low and erratic income levels which cannot be judged by simplistic measures. There needs to be an Equality Assessment of this group to ensure that their position on benefits is not affected by the move to UC, perhaps including looking at an extension to 12 months so that earnings can be assessed over a yearly period like tax.

Equality Impact (whether there will be particular effects for different groups and how these can be best addressed)

Our members report that the current UC process is not working effectively for the following groups of people. It is likely, therefore, that these groups will be disproportionately affected by the managed migration:

- Claimants who do not have regular access to, and the capacity to use, IT
- Claimants who are less able to manage their money and budget
- Claimants with direct deductions (such as overpayment recovery) which impacts their expenditure and ability to budget
- Claimants with disability premiums, Permitted Work flexibility and earnings, and the Disability Element of Working Tax Credits.

Transitional protection, particularly for the ESA claimants, must be in place before any managed migration takes place as this could have huge implications on loss of income for the disabled. This should be subject to a full equality impact assessment before any migration is started.

Regulation 2(6) introduces transitional payment within UC for claimants who were in receipt of Severe Disability Premium in a legacy benefit when they naturally migrated to UC. The payment can be 'backdated' to start of the UC award if certain conditions are met. One of our members has suggested that it would be helpful if DWP identifies these claimants to start with in order to provide them with more support. There is a concern that the compensation payment will still be less than tenant was originally entitled to.

The Habitual Residency Test (HRT) – The document does not indicate any transitional protections for those currently in receipt of Heritage Benefits who are for benefit purposes, an EEA national or Person from Abroad. Our members have stated that this means many Claimants who are currently in receipt of any of the Heritage Benefits will not have eligibility for UC. For HRT purposes it is our experience that if they are not married or civil partners the partner would not be entitled, despite satisfying other rules. This can also happen with joint claims, only one customer can be the 'spouse' for benefit purposes, sometimes both customers identify as the 'spouse' which may cause both HRTs to fail. Is this guidance due to change throughout managed migration because it is likely we will see an increased amount of tenants who are currently eligible for Heritage Benefits who will fail HRT and be unable to claim UC.

One of our members has expressed concern over how the Benefit Cap will work along with the change in regulations from April 2017 for any additional children born after April 2017. Presently under HB entitlement will cease from this award leaving a minimum of 50p per week, meaning that eligibility for DHP and other local schemes is maintained. We think that this will be maintained under UC through the 'passporting' of benefits, but it needs to be clarified.

Monitoring and Evaluation

We propose that the DWP establishes a pilot or pilot sites in order to ensure that the migration process works for all groups who will be part of the managed migration, including looking at how vulnerable individuals are identified and supported, local partnership arrangements, the interaction of different legacy benefits with transitional support, timeframes for 'warming up' claimants and transferring them. These pilots need to be effectively monitored and evaluated so changes can be made to the process before rolling out nationally.

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