

Universal Credit

What we know at this point in time

Andrew Rosevear
Principal Benefit Officer
September 2011

Universal Credits

- Introduced by Welfare Reform Bill, Royal Assent later this year or early 2012
- Lots of unknowns and likelihood of changes to what we do know
- Single benefit to simplify system for working age people
- Used for in and out of work customers
- Phased introduction, starting April 2013

Aims of Universal Credit

- To restore fairness and simplicity
- Ensure financial incentive to work
- Reduce fraud
- Support the vulnerable
- Curb spiralling benefit spend

Universal Credit to Replace

- Housing Benefit
- Working Tax Credit
- Child Tax Credit
- Income Support
- Income Related Job Seekers Allowance
- Income Based Employment & Support Allowance (ESA)
- Above often referred to as 'Legacy Benefits' in this context

Universal Credit will not Replace

- Pension Credits
- Contributory Job Seekers Allowance
- Contributory ESA
- Disability Living Allowance
- Child Benefit
- Bereavement, sick and maternity benefits / payments
- Council Tax Benefit

Universal Credits

- Single 65% 'taper' applied to excess income across the board
- Entitlement automatically adjusted by PAYE computer system integration
- New national computer system required, formed on basis of DWP system combined with enhanced HMRC PAYE system

Universal Credits

- Consists of components similar to legacy benefits eg 'housing costs addition' will have little difference from current housing benefit
- Payments made to claimants but still scope to pay landlords part of Credit
- Current expectation to pay only 20% claims to landlords in social sector

Timetable for Introduction

- Pilot starting April 2013
- New working age claims from October 2013 or April 2014 at the latest
- New pension age claims a year later
- Full transition of 'legacy' benefits / credits by October 2017

Administration & Delivery

- Government's preferred model through Department for Work and Pensions
- Using Job Centre Plus and Benefit Delivery Centres
- No details due until 2015
- Majority of claims to be made, assessed and delivered electronically
- Intention to minimise face to face contact

Council Tax Benefit

- April 2013 sees abolition of nationally administered council tax benefit scheme
- Replaced by locally administered scheme
- Government funding to the local scheme will be less than overall cost of current scheme in final year
- Safeguarding of pensioner payments
- Consultation period currently underway

Fraud

- April 2013 Single Fraud Investigation Service
- Responsible for investigation of DWP benefits, housing benefit and tax credits
- No requirement for Councils to investigate housing benefit fraud
- DWP to increase staff

Residual / Ongoing Duties for Local Authorities

- Administration of Housing Benefit, tailing off to October 2017
- Administration of new Council Tax Rebate scheme
- Administration of an overall benefit cap equivalent to an average household income
- Supported accommodation Housing Benefit claims ?
- Temporary accommodation (homeless) Housing Benefit claims
- Recovery of existing overpayments
- Administration of Social Fund

Impact on Local Authorities

- From October 2013 large reduction in workload due to lack of new Housing Benefit claims
- Increased rent arrears, homelessness and reduced availability of private sector rented accommodation
- Staffing, too many / too few
- Councils may have differing needs at any given time to enable joint working
- Development and implementation of replacement Council Tax Benefit scheme will be a significant project
- Single Fraud Investigation Service
- Current workloads increasing