



Department
for Work &
Pensions

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Local Authority Chief Executives
of Great Britain

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Dear Colleagues,

**CONTINUED ROLLOUT OF UNIVERSAL CREDIT FROM MAY 2016 – PLANNING
ASSUMPTIONS FOR LOCAL AUTHORITIES AND ADVANCE NOTICE OF THE
ANNOUNCEMENT ON TUPE FOR LOCAL AUTHORITY HOUSING BENEFIT TEAMS**

1. I am writing to share some information about the rollout of Universal Credit which I hope will be helpful to you in constructing your plans, particularly in 2016/17. You will know that we are still working through the detailed implications of the Spending Review, but I know from talking to many of you that any information I can share will help you and your teams develop better plans.
2. This letter also gives you, in confidence, advance notice of an announcement to Parliament that my Ministers intend to make on 10 December, in order that you can make plans to communicate the Government's position to staff currently working on Housing Benefit. Clearly it is important that Parliament hears this from my Ministers, as protocol demands, but I thought you would appreciate advance notice so that you can prepare your own internal communications to coincide with the announcement.

Implementing the full national Digital Service from May 2016

3. In September 2014 my Secretary of State announced that we expected to begin implementing the full Universal Credit service from May 2016. I am pleased to say that we have made good progress with system development: we started testing the new service in Sutton and have expanded into Croydon and Southwark. Further tests in five other jobcentres are scheduled from now to May and I expect to launch the new service as planned from May 2016.
4. In line with the approach that has served us well to date, and building on the fact that by May we will have established Universal Credit in every Local Authority area, we will begin rolling out the full service in stages. We will begin with five jobcentres a month, accelerating to 50 jobcentres a month from the end of 2016 - with full implementation complete by the middle of 2018.



5. I expect to be able to share further details of the roll out plan – including the locations for 2016/17 offices - in the New Year. In view of the degree of uncertainty this brings to your planning for Housing Benefit services Ministers have agreed to my suggestion that we should not make the planned reductions to the Housing Benefit Administration subsidy for Local Authorities, consequent on Universal Credit, for the 2016/17 year. This means that if you are running a council that is implementing Universal Credit in 2016/17 you retain the financial subsidy whilst losing the work. So every council, when making financial plans for 2016/17 can plan to be delivering Housing Benefit as now without additional financial risk from the implementation of Universal Credit. I hope this is helpful in drawing up your plans.

6. With the Transition phase complete in the middle of 2018 we will then start the final stage: converting the stock of existing claims to Housing Benefit onto Universal Credit – to be complete by early 2021. We will communicate further details in due course, and will work in partnership with Local Authorities, Housing Associations, HMRC and Citizen's Advice.

Administering Housing Benefit during the implementation of Universal Credit

7. In my discussions with some Chief Executives emphasis has been placed on the need for clarity on the position for your people currently administering Housing Benefit. The uncertainty affects decisions you might make about the level of investment and the choices people make. In some areas there is concern about people leaving too fast, and any impact on your ability to maintain a Housing Benefit service, in others there will be anxieties about a lack of ability to redeploy people when Housing Benefit ceases. And some of you have contracted out your services to a third party supplier and need to know what to do about your contract arrangements.

8. I want to emphasise (and you can see from my high level description of our plans I set out above) that we are talking about a three to five year period for the gradual run-down of Housing Benefit delivery for people of working age by Local Authorities. And on present plans we are not proposing to make changes to the delivery of Housing Benefit for pensioners in this period. So there is an on-going requirement to deliver Housing Benefit for the foreseeable future.

9. Clearly any change will inject some uncertainty into your planning - but one uncertainty I can address today is clarifying the Department's position on transfers under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) more commonly known as TUPE. There has been extensive engagement on this issue, as you would expect, with the Local Authority associations. On the Government side we have reached a firm conclusion that because of the nature of Universal Credit as a new benefit, delivered in a new and fundamentally different way, there would be no "relevant transfer" of staff working on Housing Benefit today. In any event, you will be aware that transfers of administrative functions between public administrative authorities are exempt. We have, in addition, given careful consideration to the Cabinet Office Statement of Practice (COSOP). We do not consider COSOP to apply where, as here, there is no "relevant transfer" for the

purposes of TUPE. In any event, the new and fundamentally different delivery model for Universal Credit makes staff transfers inappropriate.

10. I have told my Ministers that it would help your planning to have the Government's view clearly put. Accordingly they have agreed to make an announcement to Parliament to this effect on 10 December.

11. I know that you will want to lay plans to communicate this to your teams administering Housing Benefit. This is why I am sharing with you advance notice of this announcement – which must not be communicated until the announcement has been made in Parliament.

Managing the financial consequences of phasing out Housing Benefit for Working Age claimants

12. As Local Authorities work with us on establishing Universal Credit and phasing out Housing Benefit there will be consequences for the people who currently administer Housing Benefit for people of working age. Working with the Local Authority associations we estimate there could be a full time equivalent number of 4-5,000 affected by this change - over 3 to 5 years.

13. Clearly we will all want to take steps to see if we can ensure that any people affected are redeployed within councils. I am of course aware that you face other financial pressures to manage with implications for staffing. But we very much hope that the phased nature of the change, across a number of years, means that people can be redeployed.

14. Where that does not prove possible, the DWP will meet the full costs of compulsory redundancies, once Local Authorities can show that all redeployment and reassignment activity has been undertaken. I suspect given the phased nature of these changes it will be many years before we are at that point. But you can plan now on the basis that your Local Authority will not face additional financial pressure from redundancy costs arising from this change by Central Government, subject to making best efforts to redeploy people where that is possible.

15. I hope this is helpful to you in planning. I will write again in the New Year to share further detail on the plans for Universal Credit.

Regards,



Neil Couling
Director General
Universal Credit Programme