

 <p>h&f the low tax borough</p>	<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET</p> <p align="center">14 October 2013</p>	
<p>UNIVERSAL CREDIT; DELIVERY PARTNERSHIP AGREEMENT</p>		
<p>Report of the Cabinet Member for Housing , Councillor Andrew Johnson</p>		
<p>Open Report</p> <p>A separate report on the exempt Cabinet agenda provides exempt information regarding the contract sum associated with the agreement..</p>		
<p>Classification: For Decision</p> <p>Key Decision: Yes</p>		
<p>Wards Affected: All</p>		
<p>Accountable Executive Director: Melbourne Barrett Executive Director, Housing and Regeneration</p>		
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1. EXECUTIVE SUMMARY

- 1.1. Universal Credit (UC) is at the centre of the Government's Welfare Reform programme. It will replace a complex system of working-age benefits and credits with one payment and a single set of rules. Via UC, the Government is seeking to tackle welfare dependency, poverty and worklessness and to make work pay.
- 1.2. The Government's published programme for the introduction of UC is that roll-out would start in October 2013 and would be phased over the period to 2017. In July 2013, the Department for Work and Pensions (DWP) announced that the roll-out itself would start in 6 areas, one of which was the area covered by Hammersmith Job Centre. This is the only one of the 6 in London.
- 1.3. Once fully implemented, UC will be payable to many thousands of people in the borough. Initially, however, it will apply to only restricted categories of claimants – essentially single people newly –unemployed who have not previously been claiming benefits. UC will administered by DWP and the

intention is that access to it will primarily be online. However, given the vulnerability of some claimants a local support system will be required.

- 1.4. DWP intend to begin the roll-out at Hammersmith Job Centre on 28 October 2013. They wish to enter into an agreement with the Council for LBHF to provide local support services for this initial cohort of claimants, for which they (DWP) would pay a fee. The agreement would cover the period up to March 2014.
- 1.5. This report seeks authority to enter into the agreement.

2. RECOMMENDATIONS

- 2.1. That authority be given to the Executive Director, Housing and Regeneration and the Bi-Borough Director of Law, in conjunction with the Cabinet Member for Housing to negotiate and finalise the terms of the agreement and to enter into an agreement with the Department for Work and Pensions for the provision of support services to claimants of Universal Credit for the period from 28 October 2013 to 31 March 2014.

3. REASONS FOR DECISION

- 3.1. To allow for the signing of an agreement between the Council and the Department for Work and Pensions for the provision of support services for claimants affected by the initial roll-out of Universal Credit.

4. INTRODUCTION AND BACKGROUND

- 4.1. Universal Credit (UC) is at the centre of the Government's Welfare Reform programme. It will replace a complex system of working-age benefits and credits with one payment and a single set of rules. Via UC, the Government is seeking to tackle welfare dependency, poverty and worklessness and to make work pay.
- 4.2. The Government's published programme for the introduction of UC is that roll-out would start in October 2013 and would be phased over the period to 2017. Since April 2013, a number of "Pathfinders" (Ashton, Bolton, Wigan, Glasgow, Oldham and Warrington) have been testing different aspects of the system. In July, DWP announced that the roll-out itself would start in 6 areas, one of which was the area covered by Hammersmith Job Centre, one of the three Job Centres in the borough. Hammersmith is the only Job Centre in London to be selected as the location for UC roll-out. It is very likely that a key reason why Hammersmith has been selected is the excellent relationship and joint working already in place between the Council and Job Centre Plus under the One Place initiative.
- 4.3. Once fully implemented, UC will be payable to many thousands of people in the borough. Initially, however, it will apply to only very restricted

categories of claimants – essentially single people newly –unemployed who have not previously been claiming benefits. DWP advise that for the roll-out at Hammersmith Job Centre this will amount to about 100 claimants per month.

- 4.4. UC will administered by DWP and the intention is that access to it will primarily be online. However, DWP have always stressed that given the vulnerability of some claimants a support system will be required. When UC is fully implemented this “Local Support Framework” will be extensive and DWP will be looking to local authorities to provide it or organise its provision. DWP will pay for the Council to deliver this service.

5. PROPOSAL AND ISSUES

- 5.1. DWP have now approached the Council about the roll-out at Hammersmith Job Centre, which they plan to begin on 28 October 2013. The Department wish to enter into an agreement with the Council for LBHF to provide local support services for this initial cohort of claimants, for which they (DWP) would pay a fee. The agreement would cover the period up to the end of March 2014, with an option to extend into 2014/15.

Scope of the Agreement

- 5.2. DWP advise that the evidence from the “Pathfinder” authorities is that the majority of the initial cohort of claimants will make their UC claims online without the need for support . This agreement would cover a range of services to the minority who will need support and a number of other services. These are summarised below.

Complex Housing Cases

- 5.3. This will involve the response to queries from DWP about the housing circumstances of individual claimants. These will be handled either by H&F Direct or by the Housing Options service, depending upon the nature of the query.

Support for claimants to get Online and stay Online

- 5.4. Claimants needing ‘online basics’ support would receive it from tutors based at Hammersmith Job Centre and Shepherd Bush Job Centre, with a self-service offer available at 145 King St. Support would be tailored to the claimant’s abilities and would include provision for UC claim checking and guidance.

Council Tax Reduction Scheme Claims

- 5.5. The proposed arrangement will in the short term require the manual processing of Council Tax Reduction Scheme claims by claimants for Universal Credit. This will be handled by H&F Direct based on hard copy information provided by DWP.

Support to DWP Job Centres to get People into Work

- 5.6. The agreement itself will cover support for claimants to sign up to Job Centre Plus' Job Match service at the same time as they make their UC claim. However, at the same time they will be encouraged to access employment support, live vacancies, apprenticeships and volunteering opportunities via Council-delivered and funded initiatives.

Support on Personal Budgeting

- 5.7. The Council already commissions a personal budgeting support service from the Citizens' Advice Bureau (CAB). For UC claimants, CAB will provide an introductory workshop which will identify the level of financial capability support required in each case. If it is identified that support is needed claimants will be supported to complete a personal budgeting plan, gain money management skills, and learn to budget well and avoid or deal with debt. Each claimant would have access to a total of seven hours budgeting support.

Preparing Landlords for UC Implementation

- 5.8. Under the agreement the Council will hold a number of forums for landlords in the borough (Registered Providers and private landlords) to engage them in and inform them about the national roll-out of Universal Credit and the impact this may have on their tenants and their organisations.

Other Costs

- 5.9. The agreement also makes provision for other costs to be incurred by LBHF. These include project management, staff training, IT and legal costs, senior management involvement and the cost of monitoring and reporting back to DWP.

Other Considerations

- 5.10. It is considered that the services in the proposed agreement are such that the Council is fully able to provide them. Either they are allied to existing mainstream services or to existing arrangements with other providers, such as the one with CAB over personal budgeting support. The proposed arrangements build on the existing successful collaboration between the Council and JCP at One Place at Hammersmith Job Centre.
- 5.11. In discussion over the agreement, DWP have used experience from UC Pathfinders elsewhere in the country to derive a range of the numbers of claimants who might be expected to access each aspect of the service in Hammersmith. For example, the estimate is that between 20 and 30 claimants per month will access support to get online and stay online. In each case the costing of the agreement has assumed the top of the range. DWP will pay for the service the Council has established, irrespective of the number of claimants. In the unlikely event of the assumed volumes being exceeded, there will be provision in the agreement for review and for variations.
- 5.12. DWP have indicated that it is likely they will wish to extend the agreement for a period beyond 31 March 2014. However, there will be provision for a review of scope and costings before any such extension is agreed.

- 5.13. Officers believe that despite the short timeframe for the preparation of the agreement and the support arrangements it will be possible for LBHF to provide the services required by DWP and that the proposed agreement will cover the costs likely to be incurred. It would also be consistent with the Council's previous approach to Welfare Reform to do all it can to assist in the introduction of the new system.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. The Council is not required to enter into the agreement with DWP. However, given the support services required for UC claimants, LBHF is best placed to provide them or to organise their provision. When UC is fully rolled-out, it will have major implications for many households in the borough and, potentially, significant financial implications for the Council. Early involvement in the provision of support, albeit to a restricted initial cohort of claimants, will provide valuable experience that can be brought to bear when the categories of claimant are expanded.
- 6.2. In terms of the services within the agreement, the option of direct provision is appropriate at this stage given the close link with existing services. The exception is personal budgeting support where the existing arrangement with CAB fits well with DWP's current requirements. If further and more extensive agreements are considered in the future, it will be necessary to look more at the range of options for the provision of services.

7. CONSULTATION

- 7.1. To this point, discussions about the agreement have been limited to DWP and to those areas of the Council likely to be involved in the provision of services, including H&F Direct, and the Housing Options, Skills and Economic Development and the Finance and Resources divisions within HRD. CAB have been consulted about their involvement in personal budgeting support.

8. EQUALITY IMPLICATIONS

- 8.1. The report concerns the provision of support services on behalf of DWP to those claimants within the initial cohort needing support in making their claims. It is anticipated that this will have a positive impact on protected groups and an EIA is not required at this stage. This issue will need to be reconsidered if at some future point the Council is considering an agreement for the full range of claimants for UC.

9. LEGAL IMPLICATIONS

- 9.1 There are various statutory powers which enable the Council to contract with a third party in relation to the provision of services including the Local Authorities (Goods and Services) Act 1970, the Local Government Act 2003 and the general power of competence under the Localism Act 2011. Legal Services, where instructed, will work with the client department to finalise and complete the agreement.
- 9.2 Implications verified/completed by: Kar-Yee Chan, Solicitor (Contracts), 020 8753 2772

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. As noted in Section 5 above, in discussion over the agreement, DWP have used experience from UC Pathfinders elsewhere in the country to derive a range of the numbers of claimants who might be expected to access each aspect of the service in Hammersmith. In each case the costing of the agreement has assumed the top of the range and is based on the marginal cost of providing the service. DWP will pay for the service the Council has established, irrespective of the number of claimants. In the event of the assumed volumes being exceeded, there will be provision in the agreement for review and for variations.
- 10.2. DWP have indicated that it is likely they will wish to extend the agreement for a period beyond 31 March 2014. However, there will be provision for a review of scope and costing before any such extension is agreed.
- 10.3. In reaching the proposed fee proposal, officers have made a detailed assessment of the costs likely to be incurred on the assumption that the number of claimants accessing services is at the top of the range. This has included the level of hours likely to be worked by officers on different grades. The agreement also makes provision for other costs to be incurred by LBHF. These include project management, staff training, IT and legal costs, senior management involvement and the cost of monitoring and reporting back to DWP. It should be noted that the costing assumes that staff can be accommodated within existing planned office provision; as noted above there will be scope to review this as volumes increase.
- 10.4. Implications verified/completed by: Kathleen Corbett, Director of Finance and Resources, HRD, Tel. 020 8753 3031.

11. RISK MANAGEMENT

- 11.1. The main risk associated with the agreement is that the costs to the Council are higher than anticipated, mainly due to the number of claimants accessing services being higher than that assumed in the costing. Mitigation against this risk is that in preparing the costing a prudent view of the volume of claimants has been taken and DWP will pay the fee even if

this volume is not reached. In addition, there will be provision within the agreement for review and variation if these volumes are exceeded.

- 11.2. There are no risks around the procurement of services since the services within the agreement will be supplied either in tandem with existing mainstream services or, as is the case with CAB, via a pre-existing commissioning arrangement.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1. There are no procurement or IT Strategy implications.

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		