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Mayor John Biggs Tower Hamlets Council



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Tackling Poverty Among Universal Credit Claimants Through Financial Advice And Support

Mayor John Biggs
Executive Mayor Tower Hamlets

Poverty in Tower Hamlets

48,000 households living in poverty in Tower Hamlets



50%

of the borough's older residents living in income deprived households, the highest rate of pensioner poverty in England.



78%

of Bangladeshi households claim Council Tax reduction compared to an average of 33% for other households



57%

Highest Child Poverty rate in the country



4 in 5

- Almost four in five children in the borough live in families reliant on tax credits.

Universal Credit

- 9,325 households UC as of June 2018
- Final postcode went live for full service in October. (This means that any resident needing to make a **new** claim for any of the current legacy benefits will instead have to claim UC).
- 765 Tower Hamlets Homes residents in receipt of UC with an arrears balance of £891,785. This represents 80% of THH tenants who are in receipt of UC.
- 120 homeless households in temporary accommodation on UC with a total arrears balance of £420,000

Universal Credit

- A report by Tower Hamlets council's benefits team said it had uncovered 539 DWP administrative mistakes in less than a year, which led to hundreds of claimants being underpaid by up to £8,000 or overpaid by up to £25,000

Council reveals 'bizarre' litany of universal credit mistakes

Patrick Butler
Social policy editor

A council has criticised the "bizarre" reluctance of welfare officials to act after it alerted them to hundreds of thousands of pounds worth of benefit overpayments caused by universal credit system errors.

Tower Hamlets council said the Department for Work and Pensions (DWP) would regularly take months to rectify wrong payments despite repeated written reminders - even when they were told ineligible people were claiming universal credit.

In one case, the DWP reportedly insisted on paying a claim, despite a warning that not only was the claimant likely to be ineligible as they had been living abroad for 10 months, but that police had raided their address and closed down a brothel.

A report by the Tower Hamlets council benefits team said it had uncovered 539 DWP administrative mistakes in less than a year, which led to hundreds of claimants being underpaid by up to £8,000, or overpaid by up to £25,000.

The mayor of Tower Hamlets, John Biggs, said the dossier showed universal credit was "riddled with errors and systemic faults" and was causing chaos and misery for many claimants.

In 2018-19, the DWP made £200,000 of universal credit overpayments to Tower Hamlets residents. The average was £4,500. Some £150,000 of underpayments were made at an average of £104. The council has 197 "accuracy queries" lodged with the DWP.

Errors uncovered by the council and reported to the DWP include a claimant whose partner died and whose children were taken into care being wrongly paid £2,000 of benefits he was ineligible for each month - eventually landing him with £18,000 of overpayments that he must now repay. The council sent nine emails to the DWP pointing out the error but was ignored for 10 months.

In another case, a woman who had to claim universal credit when her pensioner partner died was awarded only half the housing support payment she was due - an underpayment of £78 a week - because the DWP had treated her deceased partner, whose name was on the tenancy agreement, as a

joint tenant and incorrectly decided she was only entitled to housing costs equivalent to half her full rent liability.

The council said in most cases the DWP would not act after it notified the ministry of the errors. It said Tower Hamlet's benefits team were told the DWP was powerless to correct an error unless it was personally notified of it by the individual claimant. However, most claimants were unaware of the errors, the council said.

'Universal credit is not fit for purpose ... The reality of these errors can be life-changing for those who rely on benefits'

John Biggs
Mayor



The DWP said it could not comment on the outcomes of individual issues raised by the council for data protection reasons. A DWP spokeswoman said: "The vast majority of universal credit claims in Tower Hamlets are paid in full and on time, while a DWP specialist works closely with the council to ensure they are fully equipped to support claimants."

The report says DWP staff often did not grasp changes to universal credit guidance; for example, over whether it or the council should pay housing support for homeless claimants. "In these cases, council staff have had to explain to universal credit staff what their own rules and regulations are," the report says.

The council spotted the errors during routine checks on universal credit data while processing housing benefit and council tax reduction claims. As a result, it appointed a full-time staff member to monitor the accuracy of claims for universal credit. It believes that with more resources it would uncover even more.

The Tower Hamlets mayor said: "The reality of these errors can be life-changing for those who rely on benefits, whether through underpayments, meaning people struggle just to get by, or enormous overpayments, which the DWP has to reclaim.

"Universal credit is clearly not fit for purpose and it's falling on our own benefits service to highlight and pursue errors which the DWP shouldn't be making in the first place."

Case Studies

- 1.) A lone parent – owed £15k UC.
- 2.) Notified DWP four times an overpayment in excess of £12k had accrued.
- 3.) Our assessors identified an obvious contrived tenancy we issued four notifications to DWP before they stopped the payment which resulted in a £18k overpayment.
- 4.) Not paying either a child element within the UC living costs or a housing element within the UC housing costs, despite our notifications UC payment in excess of £5k was finally awarded.

What we are doing as a council

Financially supporting residents through the £6.6 million Tackling Poverty fund despite funding cuts, including £1 million to offer advice and support claimants

£960,000 p/a through the Local Community Fund for provision of social welfare advice

Maintained LCTRS of up to 100%

Universal free school meals for infants and juniors

Mayor's Tackling Poverty Fund

- Outreach team to assist residents in applying for universal credit
- £200k fund distributed to a range of organisations through the Tackling Poverty Innovation Fund to allow new ideas to be tested
- Protected funding for crisis grants
- Volunteering programme in Children's Centres to support those furthest from the workplace
- Poverty proofing the school day

Conclusion

- I called for a halting of the roll out of Universal Credit.
- The level of errors we are continuing to see shows UC is not fit for purpose
- Too many of our residents are suffering as a result
- As a council we have found that we are cut out of the process but due to the level of errors we have identified we have had to step in.
- The future of Universal Credit – it needs to be fixed and government has to stop and listen.