

**Report to:** Communities Scrutiny Committee

**Date of Meeting:** 17<sup>th</sup> May 2018

**Lead Member/Officer:** Lead Member for Finance, Performance and Strategic Assets/Contracts & Performance Manager, Finance

**Report Author:** Contracts & Performance Project Manager, Finance

**Title:** Universal Credit

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**1. What is the report about?**

The likely effects of the introduction of Universal Credit Full Service (UCFS) on Council services and on the County's residents and the planning and preparation taken to date.

**2. What is the reason for making this report?**

Members have requested this report to provide information on:

- the anticipated impact of UCFS on Council services and on residents during the early roll out stages in Denbighshire
- the measures taken to date in preparing services and residents to deal with the changes
- proposed plans for the remainder of the rollout and the eventual migration of current benefit recipients onto UCFS in due course

**3. What are the Recommendations?**

To consider the contents of the report, provide observations and continue to support the ongoing work of the Universal Credit Board to understand and manage the impacts for both Council services and Denbighshire residents.

**4. Report details**

Background

Universal Credit is part of UK Government's programme of welfare reform and is an overhaul of the current benefit system. It is a means-tested benefit available from Department of Work and Pensions (DWP) for working age people who are on low incomes, either in work or out of work. It replaces six main benefits/tax credits for those of working age and combines all of these benefits into one single monthly household payment.

UK Government aims are to have a simpler system with one benefit instead of many; ensure people are better off in work than on benefits; better reflect the world of work and encourage financial responsibility.

UCFS commenced in south Denbighshire from October 2017 and the remainder of Denbighshire from April 2018.

DWP are planning full migration of all *existing* benefit claimants of working age across the UK by 2022. However the start date is not yet announced and we will continue to work closely with DWP to clarify impact and timelines for Denbighshire.

### Considerations for Denbighshire County Council

Key issue: We are now in the Universal Credit Full Service phase for new claimants and those who have a change of circumstances affecting their benefit status. This requires a period of adjustment for claimants and all the agencies and services who support them and engage with them. This inevitably includes multiple areas of the Council.

Some examples of the changes for residents:-

- A fully digital service. Claimants claim and manage their accounts online with support from Denbighshire Libraries / One Stop Shops
- Monthly payments in arrears
- One payment paid to couples
- Housing costs claims administered through DWP under UCFS, rather than housing benefit through the local authority
- The housing costs element will normally be paid direct to the claimant rather than direct to their landlord

Some key areas of impact on Council services:-

- Increase in demand for advice and support from areas such as Citizens Advice, Libraries / One Stop Shops, Revenues / Benefits and Homeless Prevention Team.
- Impact on existing processes within Revenues/ Benefits. Current processes work well and have previously received high assurance ratings by audit and by a recent review by DWP (appendix 1). Changes to process and the impact on service delivery will have to be carefully managed.
- Services such as Community Support Services and Education & Children's Services may see impact on some vulnerable residents and their families.
- Pressure on Housing and Finance with more residents struggling to pay rent on housing tenancies and pay Council Tax.

### Preparation for Universal Credit

In July 2017 the Denbighshire Universal Credit Board was established at the request of the Corporate Executive Team (CET) and through regular meetings has enabled a whole Authority and corporate approach to UC. This corporate approach has meant that the implications of UCFS have been considered across the Council and not just in the Revenues and Benefits area. The Board has taken responsibility for the strategic and operational decision making to ensure the transition to UCFS is as seamless as possible and any potential negative impacts upon residents, service providers and the Council are mitigated as far as is practical.

All impacted services are represented on the Board (appendix 2) plus key partners, namely DWP, Citizens Advice Denbighshire (CAD) and Housing Association representative. Board members ensure that their service area has clearly identified the risks and issues and is taking forward activities to mitigate. This is documented in detail in the risk register (appendix 3). A brief summary of key service areas is also attached (appendix 4) as a supplement to the risk register.

In addition Members attention is also drawn to the following:-

Through the Board a close working relationship is in place between the individual Board Members and service areas to provide a strong strategic, cohesive approach. Operationally Denbighshire County Council and Citizens Advice have a presence in DWP's Rhyl Job Centre working alongside DWP staff to provide a multi-agency approach to supporting claimants. This provision has already generated positive results.

Much joint working is also being undertaken locally to put into place additional key processes between Denbighshire County Council and Rhyl Job Centre to ensure that claimants are able to quickly access additional support and information they may need.

There has been considerable engagement with WLGA and other Local Authorities, particularly Flintshire County Council to learn from their experiences and capture best practice (Flintshire Council UCFS start date was April 2017).

A data analysis report has been commissioned which provides a rich data source to help identify and then try to work with those who are likely to feel the most impact of changes under UCFS and the UK Government's wider welfare reform.

**5. How does the decision contribute to the Corporate Priorities?**

Universal Credit is not a Council decision. It is a UK Government welfare benefit being rolled out by the Department of Work and Pensions and so has not been designed with Denbighshire's Corporate Priorities in mind.

**6. What will it cost and how will it affect other services?**

There are no direct outgoing costs for the Council with the implementation of Universal Credit. However the differences between UCFS and 'legacy' benefits will generate difficulties for some residents. This will increase demand for some Council services and put pressure on others as noted under section 4 and in the risk register.

DWP do provide minimal funding to the Council to provide personal budgeting support, digital support and project implementation. However this is against a drop in the DWP Administration Grant and the potential detrimental impact on a number of key services.

It is difficult to forecast possible numbers that will come through UCFS initially, as claimants will be new claimants or those with a change of circumstance. Going forward actual numbers and impact will be closely monitored, providing data to support financial forecasting. Finance are continually monitoring the potential financial impact and will report on this as appropriate. DWP aim to migrate those on existing legacy benefits, across the UK by 2022. The date when this will start to roll out in Denbighshire is not yet known but we will continue to work with DWP to understand impact and timelines.

**7. What are the main conclusions of the Well-being Impact Assessment?**

It is not appropriate for the Council to prepare a Well-being Impact Assessment on Universal Credit as it is not a Council decision or proposal but a UK Government one. UK Government have prepared their own impact assessment.

<https://www.gov.uk/government/publications/universal-credit-impact-assessment>

**8. What consultations have been carried out with Scrutiny and others?**

Extensive communication and engagement has taken place to prepare all relevant stakeholders as fully as possible. The attached communications log (appendix 5) provides full details of activities to date. Focus has been on raising awareness of key issues for residents and the Council as relevant and the support in place to mitigate. The following activities are highlighted:-

- Elected members briefings at each of the 6 Member Area Groups supported by email briefings and copies of press releases
- Regular briefings to Head of Finance / Section 151 officer and in turn CET and the Senior Leadership Team (SLT). Formation and regular meetings of UC Board comprising of representatives from all impacted Council services plus key partners
- Briefings for other key internal Council teams who can support the work of the UC Board e.g. Strategic Planning Team, Economic & Business Development, Contact Centre, Management Accounting Team, Corporate Safeguarding Group
- Training and awareness sessions for frontline Council staff
- Showcase of support event for key internal staff and external agencies

Feedback and responses from all engagement has been documented on the UC Board risk register and reviewed by the UC Board for appropriate action.

**9. Chief Finance Officer Statement**

The reform of the benefit system is a UK government policy. The Council's role is to manage the impact of changes to process where required, understand and manage the impact on council services and as far as possible, help to mitigate the impact on council services, finances and residents. Significant effort has gone into delivering this role, both internally and working very proactively with external partners. The approach the Council has taken is being recognised as a model of good practice by partners and others. There are financial risks to the Council and the impact of these will be kept under close review.

**10. What risks are there and is there anything we can do to reduce them?**

The work of the Universal Credit Board is focussed entirely on the identification of issues and risks and taking forward mitigation activities to reduce them (appendix 3). The Board meets regularly and is well attended with active engagement.

The UC Board framework has ensured that a cohesive whole Authority/corporate approach is taken to understanding impact and take forward mitigation. We will continue to use this framework to monitor and review actual impact and so manage the remainder of the rollout and the eventual migration of current benefit recipients.

#### **11. Power to make the Decision**

Section 7.2.3 of the Council's Constitution states that Scrutiny Committees will consider any matter which affects the Council's area or its inhabitants.

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