

Report to: Communities Scrutiny Committee

Date of Meeting: 9th May 2019

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

1. What is the report about?

The impact to date of Universal Credit (UC) on Council services and on the County's residents, the effectiveness of mitigation measures so far and plans going forward.

2. What is the reason for making this report?

Following a report to Communities Scrutiny Committee in May 2018 the Committee requested this update report on:-

- (i) the impact of the introduction of UC (full service) on Council services and residents 12 months following roll-out to the majority of the county area;
- (ii) the effectiveness of the measures taken by the Council and its partners with a view to mitigating the effects of its introduction on residents and Council services, including the lessons learnt; and
- (iii) the work underway to mitigate the impact on services and residents in readiness for the migration of current benefit recipients on to UC in due course.

3. What are the Recommendations?

To consider the contents of the report, provide observations and to continue to support and endorse the project delivery method employed by officers, namely the Universal Credit Board.

4. Report details

4.1 Background

UC is part of UK Government's programme of welfare reform, a means-tested benefit from the Department of Work and Pensions (DWP) replacing six main benefits/tax credits. As previously reported such a large change impacts on our residents and multiple Council services.

Current Phase – 'natural migration': only new claimants or existing 'legacy' benefit claimants with change of circumstances, working aged can claim UC. Denbighshire and the rest of the UK are currently in this phase with most of Denbighshire since April 2018 and south Denbighshire since October 2017.

Next Phase – ‘managed migration’: existing ‘legacy’ benefit claimants, working aged will be moved to UC by DWP. DWP have slowed down the nationwide plans for this process. It is now unlikely to start in Denbighshire until 2020 at the earliest and the UK end date has changed from 2022 until 2023. We will work closely with DWP to clarify timelines for Denbighshire and will communicate through the UC Board.

4.2 Impact during the first 12 months on services & residents

Changes to individual personal circumstances trigger a claim to UC so predicting numbers was initially difficult. However the last 12 months has seen a steady stream of Denbighshire residents claiming UC. As at March 2019, 3148 people in Denbighshire were claiming UC (appendix 1). In readiness for UC in Denbighshire we set up the UC Board in July 2017 and through this undertook extensive preparation, engaging services, anticipating impact and implementing mitigation. The Board includes all impacted services and Citizens Advice Denbighshire (CAD) and DWP. It maintains a comprehensive risk register and communications strategy as shared previously. Our pre-emptive approach has helped to mitigate significant impact at an early stage. Details of the impact on the key services and service users are attached (appendix 2).

As well as the rollout of UC itself, there have been multiple legislative changes to absorb. These changes have been twofold:-

- i. DWP changes to UC policy - unpredictable and frequent e.g. a 2 week housing benefit (hb) ‘run-on,’ with key process implications for the Council. (From April 2018 claimants who have been receiving hb immediately prior to claiming UC receive a transitional payment of two weeks hb payment when they claim UC. This is not paid back and is intended to cover rent and ease the wait for the first UC payment).
- ii. Other legislation - initial issues of non-compatibility between UC and some other legislation / council processes have needed to be managed. Subsequent changes in legislation then need to be accommodated. E.g. the criteria for UC recipients to claim free school meals has changed from 1st April 2019 and includes long term protection for those already receiving free school meals.

The robustness of the UC Board has meant that legislative changes have been swiftly communicated to the relevant services, who have adapted accordingly to support residents and/or manage internal processes as needed. Where relevant this has included collaborative cross service working.

4.3 Effectiveness of mitigation measures and lessons learnt

The UC Board with all impacted services represented has been extremely successful. In many other Councils such boards do not exist or are heavily focussed on the Revenues and Benefits service. Our approach is different as we have included frontline services but also support services such as the Communications Team, Democratic Services, Finance and HR. This has allowed a broader understanding of impact and a more encompassing programme of effective mitigation measures.

DWP and CAD sit on the UC Board and close working between our three organisations has proved invaluable. Those claiming UC from DWP may need Council services (e.g. council tax reduction, free school meals or even homeless prevention) and possibly CAD (e.g. budgeting advice, income maximisation, debt management). Working well together means a joined up service delivery for residents. Co-location of council staff and CAD staff in Rhyl Job Centre is a good example. The council staff member in Rhyl

Job Centre has conducted 1038 appointments with Denbighshire residents in the last 12 months bringing a breadth of council services whilst they visit the DWP Job Centre for their UC claim. Case studies of the DCC and CAD co-location are attached (appendix 3 for DCC and appendix 4 for CAD).

We also work with other councils in Wales and Welsh Local Government Association to share ideas and agree common approaches. This has been valuable as despite UC being operational in many areas of the UK prior to Denbighshire we still come across complexities and unforeseen consequences of UC policy that have not yet been resolved by government or DWP.

More specific details on the measures taken by individual services are attached (appendix 2).

4.4 Work underway to mitigate in readiness for migration of current benefit recipients

DWP and Welsh Government estimate that by the time UC is fully rolled out (i.e. end of 2023) approximately one third of all households in the UK / Wales will be claiming UC. Whilst managed migration in the UK is delayed, due to the numbers predicted we are working proactively to prepare. Importantly the 'natural migration' process continues so those numbers continue to rise. Also from 1st February 2019 UC is the benefit available for 'natural migration' for families with more than 2 children (this group were previously excluded from UC).

As our UC Board approach has proved to be successful we propose to continue to use this framework and to continue with the current activities including strong partnership working, co-location, close engagement with Welsh Local Government Association and the other Welsh councils. More specific new streams of work are as follows:-

- Utilising a recent data analysis by external consultants to build a raft of pre-emptive projects targeting support to the most vulnerable e.g. a telephone approach to specific residents eligible to apply for a Discretionary Housing Payment
- Collaborating with DWP on the business case for a new post in Rhyl Job Centre to complement the council staff member
- Refresh of our short films on how UC claimants can get help from CAD and digital support in our libraries
- Working with CAD to ensure Denbighshire residents fully utilise the new style UC support DWP and Citizens Advice are commencing from April 2019
- Welsh Government have commissioned a detailed statistical analysis of the impact of UC across Wales. We await the results (expected early 2020) and the specific information on Denbighshire to support our strategic and operational decision making.

There are a raft of service specific initiatives as reflected in the attached (appendix 2).

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

UC is not a Council decision. It is a UK Government welfare benefit being rolled out by the DWP and so has not been designed with our 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 rollout of UC. However the differences between UC and 'legacy' benefits generates difficulties for some residents, increasing demand for some council services and putting pressure on others (appendix 2). However due to additional factors such as other welfare reform it is not always possible to isolate costs attributable to UC alone. However we will continue to monitor impact through the UC Board both during this current phase of 'natural migration' and will carefully monitor the impact of 'managed migration.'

DWP has provided minimal funding to councils to provide specific support to UC claimants. Some councils delivered those services themselves, whilst we have used most of the funding to buy in the support from CAD, retaining approximately £15k for digital support from the Library service. However as from April 2019 DWP made a national decision that funding would be diverted from councils and straight to Citizens Advice across the UK. Due to our close partnership working and the fact that our local Citizens Advice, CAD, were already delivering a large part of this service for Denbighshire the impact for our council is restricted to the circa £15K funding previously paid to the Library service.

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 UC as it is not a Council decision or proposal but a UK Government one. UK Government have prepared their own impact assessment - [link to document](#)

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

- A report was submitted to Communities Scrutiny Committee on 17th May 2018 detailing the likely effects of the introduction of UC on Council services and residents and the planning and preparation to date.
- We continue with regular briefings to Head of Finance / Section 151 officer and in turn the Chief Executive Team and the Senior Leadership Team.
- Through the UC Board we communicate with all impacted services and key partners to ensure all parties are fully briefed and engaged. Formal meetings are held regularly and are well attended with active participation.

9. Chief Finance Officer Statement

The Council has been extremely proactive and innovative in its approach to understanding and managing the impact of welfare reforms on residents and the impact on council services. Working closely with services within the council and in partnership with CAD, Civica and DWP, the council has developed a good understanding of the range of impacts and implemented interventions and service changes as a consequence. The funding provided by DWP through the administration grant continues to reduce as, in theory, caseloads dealt with by councils should reduce as housing benefit is replaced by UC. However, workload is not reducing as other processes have been introduced as detailed in Appendix 2 (page 6). These additional processes have not been recognised or funded by DWP and cause a financial pressure for the council.

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

There are no risks associated with the recommendations of this report i.e. to support the ongoing work of the UC Board. Operational risks are managed through the UC Board.

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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