



Report to	Communities Scrutiny Committee
Date of meeting	21st January 2021
Lead Member / Officer	Lead Member for Finance, Performance and Strategic Assets / Contracts & Performance Manager, Finance & Property
Report author	Contracts & Performance Project Manager, Finance & Property
Title	Universal Credit

1. What is the report about?

An update on the migration processes of Universal Credit (UC), the effectiveness of mitigation and how UC numbers have changed due to COVID-19.

2. What is the reason for making this report?

- 2.1 Following a report to Communities Scrutiny Committee in May 2019 the Committee requested an update report on the impact of migrating legacy benefits residents on to UC on Council services; the effectiveness of the measures taken by the Council and its partners with a view to mitigating the effects of migrating legacy benefits residents on to UC (including the lessons learnt).
- 2.2 Subsequently the Committee has also requested information on the impact of COVID-19 on the number of UC claimants in Denbighshire.

3. What are the Recommendations?

To consider the report contents, provided for information and reassurance purposes and comment accordingly.

4. Report details

4.1 Background

UC is a means-tested benefit from the Department of Work and Pensions (DWP) replacing 6 main benefits/tax credits. It was rolled out in Denbighshire from April 2018 for - 1) those claiming benefits for the first time and 2) those already claiming benefits with a change in circumstance. UC numbers from April 2018 to early 2020 naturally increased over time (Appendix 1). The UC Board was established in July 2017 to put in place support for residents and manage impacts on Council services. Reports to Scrutiny in 2018 and 2019 provided detailed information on this work.

4.2 Migration of legacy benefit residents

UK Government had been planning to move the final third group onto UC i.e. those already claiming legacy benefits without a change of circumstance. We anticipated this would start late 2020 / 2021. At the start of COVID-19 UK Government suspended these plans. However due to COVID-19, there has been a significant rise in UC claimants from the first two groups (Appendix 1) and the UC picture for 2020 has been very different to anticipated. There are far more claimants, with diverse needs, reliant in full or in part on the benefit system, either temporarily or longer term. COVID-19 has shifted the focus from UC to a broader poverty agenda.

4.3 Effectiveness of the UC Board measures / lessons learnt

Since its inception in July 2017 the UC Board has worked to understand and mitigate risks of UC for residents and Council services. The Board comprised all relevant services and key partners such as DWP and Citizens Advice Denbighshire (CAD). There has been active engagement and a coherent approach across services and organisations. A comprehensive risk register is maintained and regularly reviewed. The UC Board has received recognition and endorsement from within the Council, Scrutiny Committee and external partners. In January 2020 after 2 and half years it was agreed by the UC Board that as mitigation was well embedded it was appropriate for the UC Board to integrate into the broader Tackling Poverty Operational Group, although the UC Board could reconvene as necessary. This would allow us to prepare for the managed migration of those on legacy

benefits and focus on the wider poverty agenda. In light of COVID-19 this approach has proved to be timely.

4.4 Impact of COVID-19

Appendix 1 shows the impact of COVID-19 on UC numbers. Whilst the volume could never have been predicted, the UC Board work paid dividends. The strong relationships with DWP and CAD also proved invaluable to quickly understand areas such as change in each other's service delivery. For those residents who are supported by emergency support schemes and do not qualify for UC (some will qualify, some will not), it is anticipated that as UK Government withdraw those schemes there will be an increase in UC claims. We are monitoring this closely.

4.5 Impact on Council services

With internal mitigation measures embedded, the significant impact for the Council has been volume. This is well illustrated in the Revenues and Benefits service where a number of other benefits for residents are administered and there are process impacts between DWP/UC and the Council. See Appendix 2.

4.6 Financial Easements / Enhancements

- DWP have made key changes to UC at the start of the pandemic to support claimants. At the time of writing this report the current position is:
 - a. Standard allowance increase of an extra £90 per month until April 21
 - b. Additional housing allowance (private renters) until April 21
 - c. Self-employed the minimum income floor relaxed until April 21
- Welsh Government agreed a free school meal payment for school holidays (up to Easter 2022) which is £19.50 per week per child. (Administered by the Council).
- A DWP pre-planned (non COVID-19) change from July 2020, two weeks of income-based Jobseeker's Allowance, income-related Employment and Support Allowance or Income Support. This is in addition to a two week housing benefit payment already in operation. These two week payments are permanent enhancements.

4.7 Next steps

The COVID-19 pandemic has forced us more than ever to view UC within a wider context. We propose to:

- Monitor relevant UK and Welsh Government decisions on emergency measures and emergency financial support schemes to anticipate impacts on UC numbers
- Monitor decisions on the closing dates of the financial easements and anticipate the financial impact on residents as income reduces
- Maintain close partnership working with services and key partners through the Tackling Poverty Operational Group, in particular working with Working Denbighshire and Homelessness to mitigate as far as possible the impacts of the wider policy decisions in the previous two points
- Work with DWP and their UC data to provide targeted support in Denbighshire
- Monitor any plans by DWP to resume managed migration but there are no indications that this is imminent

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. There has been a significant increase in the numbers claiming UC due to COVID-19. This data helps us understand the increase in households who have reduced income and are currently reliant on the benefit system. An increase in those on reduced income increases demand for a broad range of Council services. However it is important to distinguish that these impacts on services arise as a result of COVID-19 rather than UC.

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.

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.
- An update report was submitted to Communities Scrutiny Committee on 9th May 2019 detailing the impact to date of UC on Council services and on the County's residents, the effectiveness of mitigation measures so far and plans going forward.
- Through the Tackling Poverty Operational Group we communicate with all impacted services and key partners to ensure all parties are fully briefed and engaged.
- We continue with regular briefings to Head of Finance / Section 151 officer and in turn the Chief Executive Team and the Senior Leadership Team.

9. Chief Finance Officer Statement

The Council continues to be proactive and innovative in its approach to understanding and managing the impact of welfare reforms on residents and the impact on Council services. It is also welcome that the partnership working with services within the Council and with CAD, Civica and DWP, continue to ensure that DCC can respond to any emerging issues. 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. There is also an impact on the take-up of the Council Tax Reduction Scheme. Normally increases in CTRS have to be funded by the Council, however this year, financial assistance has been received from Welsh Government as part of their response to the Covid 19 pandemic. It is not yet known whether this help will continue to be available in 2021/22.

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 officers working in strong partnership with colleagues and external partners,

through the Tackling Poverty Operational Group to mitigate impacts of UC and wider poverty concerns.

11. Power to make the decision

Section 21 of the Local Government Act 2000

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.