
Report To:	Policy & Resources Committee	Date:	18 September 2018
Report By:	Chief Financial Officer	Report No:	FIN/90/18/AP/LA
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Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report to update the Committee on the impacts of the UK Government's Welfare Reforms and recent national publications in respect of Universal Credit and the Scottish Welfare Fund .

2.0 SUMMARY

- 2.1 There have been a number of important UK and Scottish Government publications on matters relating to Welfare Reform since the last update to Committee. These have been referred to in the Background Papers section.
- 2.2 Universal Credit continues to roll out within Inverclyde with over 5400 claimants. Details are awaited as to when and how the next major migration to UC will take place. Details of the results of the recent UC claimant survey are included in Appendix 3 and highlight not only some of the concerns which have been getting reported to Members as part of these reports but also some positive comments about the level and quality of local support.
- 2.3 The Scottish Welfare Fund continues to be in high demand and the recent Scottish Government 2017/18 Scottish Welfare Fund annual report highlighted that Inverclyde Council's overspend of 10% was the highest equal in Scotland last year. Indications after the first 4 months of 2018/19 show no reduction in pressure in this area.
- 2.4 There are a number of matters being progressed in the areas of Financial Inclusion and Money Advice. One important area highlighted to Committee are the challenges with the I:DEAS project. Discussions with the Lottery Fund are ongoing and the outcome will be reported in future updates.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the various matters highlighted in the report and that a further update will be provided to the November Committee.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Committee has requested that reports are presented to each meeting of the Policy & Resources Committee updating Members on the impact of Welfare Reforms and the response by the Council and partners in managing these at a local level.

5.0 UNIVERSAL CREDIT UPDATE

- 5.1 The Universal Credit (UC) programme is reaching what is widely accepted as the most critical stage. The Government has set out proposals in draft legislation to move 2.87 million long term and perhaps the most vulnerable claimants who remain on working age benefits over to Universal Credit. Senior DWP officials acknowledge that managed migration will be the greatest challenge of the programme.
- 5.2 The UK Government has made a commitment that anyone who is moved to Universal Credit through the managed migration process will not lose out in cash terms. Transitional protection will be provided to eligible claimants to safeguard their existing benefit entitlement until their circumstances change. Draft legislation sets out how claimants on existing benefits will make a claim for Universal Credit and it introduces a number of process as well as financial easements for specific groups. Those currently with the Severe Disability Premium will be protected and for those who have already moved over, compensatory payments will be made. Those who move in and out of short term employment, parents who receive help with childcare costs and those with Tax Credit when they first claim UC will have additional protection.
- 5.3 The scale and complexity of the migration programme is significant and so DWP plans to test and learn by implementing the plans on a small scale from January 2019 with the intention to increase volumes to full operational capacity by July 2019. To accommodate the recently announced changes, the completion of the UC programme has been pushed from March 2022 to March 2023. The Government will begin the incorporation of Housing Benefit for pensioners into Pension Credit once the UC timetable is completed. This means Councils can expect to deliver Housing Benefit for pensioners into the next Parliament, beyond 2022.
- 5.4 There are 5434 UC claimants in Inverclyde as of July 2018. (Appendix 1). Officers' best estimates are that there could be up to 4000 Employment and Support Allowance (ESA) claimants and a similar number of Tax Credit claimants who as well as their partners will be required to make a claim for UC. If the DWP's earlier plans do not change, Inverclyde could be one of the first areas in the country affected which may be as soon as late 2019.
- 5.5 The National Audit Office (NAO) published a report on 15th June 2018 "Rolling Out Universal Credit". A summary is attached as Appendix 2. The key findings were that there is no practical alternative to continuing with UC. Earlier delays to Universal Credit were described as regrettable and so the NAO recommends that the DWP must now ensure automation and digital systems are ready before it starts to transfer people over from previous benefits to avoid the DWP's performance declining further. It reports that DWP does not accept that UC has caused hardship among claimants because it makes advances available. Instead of dismissing evidence of claimants' difficulties and hardship and giving the impression of being unsympathetic to claimants, the NAO recommends DWP should work with these bodies to establish an evidence base for what is actually happening.
- 5.6 The NAO report went on to include findings from a survey commissioned by DWP of UC claimants at approximately three and eight months into their UC claim. The key findings of the survey highlighted by NAO were 40% of them said they were experiencing financial difficulties, 25% said they could not make an online claim and 20% of claimants are not paid in full on time.
- 5.7 The NAO was not however able to judge the value for money on the current state of programme management alone and there are doubts it will ever be possible to measure whether the economic goal of increasing employment has been achieved. The NAO concludes that the project is not value for money now, and that its future value for money is unproven based on the extended timescales and the cost of running UC compared to the welfare benefits it replaces.

- 5.8 The full National Audit Office report of 15th June 2018 “Rolling Out Universal Credit” is contained within the List of Background Papers.
- 5.9 Alongside the NAO report, the Council undertook a survey of UC claimants in March/April. 156 people completed the survey and the detail of the responses is contained in Appendix 3.

The key findings of the survey are:

- A high proportion of those who claim Universal Credit find the process challenging.
 - Most people can claim UC and maintain their claim themselves although most need assistance with some aspect of the process.
 - There is sufficient IT available in Inverclyde although it is acknowledged that the survey was carried out online.
 - Jobcentre Plus and local services are rated highly by those who use them.
 - The delay between a Universal Credit claim being made and the arrival of the first payment is difficult. While advance payment of UC is available, people are concerned about repayments.
 - Many struggle to cope with monthly payments and even more so when payments fluctuate.
 - Awareness of the option to have UC paid twice each month and the availability of budgeting support is low.
- 5.10 Since the last report, DWP moved the assessment of Inverclyde’s UC claims to the Dundas Service Centre. An integrated telephony system has been introduced, which takes UC claimants directly to the case manager responsible for the assessment of their claim. This has already had a positive effect reducing call waiting times for claimants and their support services. Senior DWP officers from the UC Service Centre have attended local operational meetings giving services in Inverclyde the opportunity to better understand processes and share experience.
- 5.11 Advice Services are assisting an increasing number of self-employed Universal Credit claimants understand how their earnings are assessed and how this fits within complex UC legislation. UC legislation assumes that those who are self-employed for more than 12 months and are not within an exempt category will earn a certain amount through self-employment, called the ‘minimum income floor’. The policy intention is to encourage the self-employed to increase their earnings and reduce reliance on benefits.
- 5.12 The Scottish Government is expected to publish information about the uptake of Universal Credit Scottish Choices over the summer months; the options to have UC paid twice each month and payment of housing costs directly to a landlord. The Social Security (Scotland) Act 2018 introduces a new commitment requiring couples to “opt-out” from having their UC payments split with both receiving a payment rather than the original policy intention of one payment for the whole household. The Scottish Government is consulting with CoSLA and others on how this will work.

6.0 DEVOLVED SOCIAL SECURITY

- 6.1 Delivery of the devolved benefits commences in 2018/19 with the Carers Supplement. It will be administered in the short term by the DWP and paid in twice yearly payments beginning in late summer 2018. The Scottish Government has informed that it should not affect other benefits, including Housing Benefit. The next devolved benefits scheduled to be in place by summer 2019 are Best Start Grants and Funeral Expenses Assistance.
- 6.2 COSLA and the Scottish Government have a joint delivery agreement providing a framework for the location of the social security agency in council buildings around Scotland. The Council’s Customer Service Centre is seen to be a suitable location for the presence in Inverclyde. The local Scottish Government service will provide pre-claim support and advice and the Scottish Government staff will be mobile to ensure claimants can access the service. Local Delivery is due to be in place by early 2020 and implementation of all devolved benefits is due to be completed by 2021.

- 6.3 Local support needs are not anticipated before late 2019 because the devolved benefits scheduled to be delivered until that point will not require an application and will be awarded based on data already held.
- 6.4 It is acknowledged that the Agency potentially adds another layer of complexity to the benefits landscape and so providing appropriate pathways for claimants is essential. Inverclyde is well placed to welcome another partner to the Financial Inclusion Partnership and a commitment has already been made in relation to training and job shadow opportunities.

7.0 SCOTTISH WELFARE FUND/SPSO ANNUAL REPORT 2017/18

- 7.1 The SPSO's Scottish Welfare Fund Independent Review Service published the 2017/2018 Annual Report. There were 5 second tier reviews carried out by the Ombudsman in 2017/18 for Inverclyde service users as summarised in Appendix 4. 4 reviews for Community Care Grant applications were carried out with 3 found in the customer's favour, 2 of which were overturned as a result of new information being provided to the SPSO and not available to the Council at the point of the original application or first tier review. 1 second tier review for a Crisis Grant was found in the customer's favour.
- 7.2 First tier reviews are carried out internally within the service. 62 First tier review requests were received in Inverclyde during 2017/18 equating to 1.3% of all decisions. 5 (8%) of these were taken to a second tier review with the SPSO.
- 7.3 The SPSO identified areas for improvements and development, notably written communication. This was also highlighted at a national level earlier in the year and as a result a number of improvements were implemented internally to the template decision notice and first tier review template letters. A quality assessment document for decision letters has since been shared by the SPSO and further changes to the decision letters are currently being developed to ensure that written correspondence meets the standards expected.
- 7.4 The low level of second tier reviews handled by the Ombudsman is evidence of the high standard of decision making and the clear explanations of how those decisions were reached that is in place for the majority of applications to the Scottish Welfare Fund in Inverclyde.

8.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND

- 8.1 Appendix 5 shows that £950,000 Discretionary Housing Payments have been awarded or has been committed to be paid to those whose Housing Benefit or Universal Credit had been reduced by the SSSC. 98.3% of Housing Benefit restrictions have been mitigated by DHP and officers continue to work closely with Housing Associations who support their tenants to apply.
- 8.2 Those coping with financial hardship for other reasons including those in temporary accommodation have been assisted by DHP amounting to £145,000. This exceeds the recurring budget of £120,000 by £25,000 which will be scored against a carried forward earmarked reserve at the year end.
- 8.3 Greater demand on the Scottish Welfare Fund (SWF) continues with 63 (7%) more Crisis Grants awarded between April and July 2018 than the same period last year although the total amount paid in grants remained the same. The increase in the number of grants is explained by more Universal Credit claimants finding they need help before their next monthly payment is due. The average grant is lower because measures announced in the November 2017 budget and introduced in recent months, have meant more funds are available to new UC claimants when they first claim UC. Appendix 6 shows £239,000 was awarded in Crisis Grants and Community Care Grants during the first 4 months of 2018/19, representing 36% of the Scottish Government programme funding (£671,000). Officers anticipate Scottish Welfare Fund overspend will continue. The allocation of £100,000 from the Welfare Reform recurring budget will absorb the pressure.

8.4 In July the Scottish Government published the 2017/18 SWF statistics. This showed that Inverclyde had overspent the SWF Grant allocation by 10% in 2017/18, the highest equal overspend of the 32 Scottish Councils.

9.0 BENEFITS CAP

9.1 DWP published information about the impact of the Benefits Cap in Inverclyde. At May 2018 there were 35 households whose benefit payments were capped at £20,000 per year for couples and families and £13,400 for single people. Those who are employed or have a disability related benefit are not affected. 12 of the 35 households have 4 children and 20 households have 3 children. The average reduction in benefit payments is £45.13 per week. There have been 104 households capped at some point since the cap was introduced and of those no longer capped, 15 have moved into work. Discretionary Housing Payment is available to help with the shortfall in housing costs.

10.0 FINANCIAL INCLUSION STRATEGY

10.1 The Inverclyde Financial Inclusion Partnership previously developed a Financial Inclusion Strategy (2012-17) to ensure actions were in place to meet the following outcomes:

- Local people have access to relevant, local services that support income maximisation and debt prevention.
- Local residents have access to resources and organisations to alleviate household poverty.
- The financial capability of local people is increased.
- The Financial Inclusion Partnership is committed to respond to the impact of welfare reform.

10.2 The Strategy is now due to be refreshed and the Partnership has commenced the development of a new five year financial inclusion strategy. A co-production approach will be taken to support the development of the Strategy with consultation with service users; focus groups with community groups; and involvement of a range of key organisations, prior to development to help shape the future strategic direction for financial inclusion locally. The timescale for the final draft of the new Strategy, and associated action plan, is planned for National Financial Capability Week (12th-18th November 2018) with the new Strategy being the subject of a further report to Committee for final approval in early 2019.

11.0 I: DEAS (INVERCLYDE DELIVERING EFFECTIVE ADVICE AND SUPPORT)

11.1 Big Lottery Fund Scotland (the Lottery) and European Social Fund (ESF) developed a partnership to provide £17.3 million which was awarded through competitive tender to 5 geographical areas in Scotland, to fund strategic interventions aimed to support financial inclusion and capability for disadvantaged households. Inverclyde Council led a partnership approach and now has a £2.27m contract over 3 years with the Lottery to provide the I: DEAS (Inverclyde Delivering Effective Advice and Support) programme with sub contracts between 6 other partners. The programme has now been operational since September 2017 (with an incremental approach) and although it has had some extremely positive results for individuals, there are a number of challenges emerging which can be grouped under:

- Fewer referrals than anticipated.
- Achieving compliance.
- Payment on Outcome funding model which is placing financial and reputational risk on all stakeholders.

11.2 All five areas across Scotland are concerned with these considerable financial and reputational risks and have requested an urgent formal meeting with senior Lottery colleagues, to discuss and find workable solutions to allow a successful programme delivery for all stakeholders.

11.3 The Committee needs to be aware that given the grant is outcome based and paid retrospectively does expose the Council and partners to financial risk. This is being closely monitored by the CMT and the Committee will continue to be updated on developments.

12.0 REVIEW OF ADVICE PROVISION

12.1 The requested external review of advice provision within Inverclyde is now underway with an aim to ensure that the current delivery model provides best value and quality is being achieved, and that it meets the needs of all stakeholders and communities. It will, where appropriate, provide potential options for future delivery models. For the purposes of this review, advice provision includes those areas covered by The Scottish National Standards for Information and Advice Providers (SNSIAP): A Quality Assurance Framework which is the accepted quality framework for agencies providing advice specifically on housing rights; money; debt and welfare benefits issues. In addition, this review will cover advice available related to employability rights advice; fuel poverty advice; consumer advice

12.2 A Stakeholder Steering Group has been established which includes representation from internal Council/HSCP services; external partners; providers of services and a staff side representative. Three tenders were received with the contract being awarded to AT Innovative Solutions who commenced on 25th July 2018 and as part of their review will meet with partner organisations, utilise questionnaires and hold focus groups with service users with the final report to be received by 8th October 2018.

13.0 SOCIAL SECURITY CONSULTATIONS

13.1 HSCP Advice Services are responding to the national enquiry that has been launched by the Scottish Parliament's Social Security Committee into social security and in-work poverty which is asking for views on any or all of the following questions including from those with experience in this area, people with lived experience of the benefits system and experts:

- What impact will Universal Credit have on in-work poverty in Scotland?
- What is the experience so far in full-service areas in Scotland for those who are in work who are moving or have moved on to Universal Credit?
- What is known about those experiencing in-work poverty in Scotland who do not claim or are not eligible for Universal Credit?
- What can or should the Scottish Government do to mitigate any detrimental impact?

HSCP Advice Services will coordinate the response from Inverclyde Council and its Financial Inclusion partnership partners which is likely to focus on potential modifications to Universal Credit to mitigate against in work poverty. The response will be reported to the next Policy and Resources Committee.

13.2 Inverclyde Council/HSCP has submitted responses to two recent Scottish Government consultations which can be found in the Background Papers:

1. Welfare Foods - A Consultation on meeting the Needs of Children and Families in Scotland.
2. Consultation on the Early Years Assistance (Best Start Grant) Regulations 2018.

14.0 IMPLICATIONS

14.1 Finance

The financial implications are as detailed within the report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

14.2 Legal

There are no specific legal implications arising from this report other than those specifically highlighted.

14.3 Human Resources

There are no HR implications arising from this report.

14.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

14.5 Repopulation

Reacting positively to the ongoing welfare reform changes will help retain people within Inverclyde and hence maintain population levels.

15.0 CONSULTATIONS

15.1 The Welfare Reform Board continues to meet discuss all welfare reform matters including the matters raised in this report.

16.0 LIST OF BACKGROUND PAPERS

16.1 Welfare Foods Consultation Response
Early Years Assistance (Best Start Grant) Consultation Response
NAO –Rolling out Universal Credit (Full Report)
SWF Statistics Annual Update 2017/18
SPSO SWF Review Service- 2017/18 Annual Report

Universal Credit - Inverclyde Council

	No. of UC claimants	% of UC claimants with earnings	No. of UC claimants with Council Tax Reduction	No. of UC claimants awarded SWF Crisis Grants
Feb-17	1466	27%	647	128
Mar-17	1960	28%	883	125
Apr-17	2576	31%	1019	118
May-17	2908	29%	1159	135
Jun-17	3169	29%	1256	134
Jul-17	3470	31%	1358	109
Aug-17	3582	31%	1498	119
Sep-17	3786	31%	1581	134
Oct-17	3899	32%	1763	109
Nov-17	4103	35%	1838	123
Dec-17	4266	35%	1863	88
Jan-18	4314	33%	1958	202
Feb-18	4515	30%	2153	160
Mar-18	4628	30%	2205	143
Apr-18	4804	31%	2258	160
May-18	5000	31%	2323	150
Jun-18	5240	32%	2408	135
Jul-18	5434	32%	2526	125

Notes

1. No. of UC claimants is the number of individuals in receipt of Universal Credit either individually or as part of a couple



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Work & Pensions

Rolling out Universal Credit

Key facts

£1.9bn

spend to date on Universal Credit, comprising £1.3bn on investment and £0.6bn on running costs

£8.0bn

Department for Work & Pensions' expectation of the annual net benefit of Universal Credit, which remains unproven

113,000

Number of late payments of new claims in 2017

	Position as at March 2018	Forecast (2024-25)
Caseload (claimants)	815,000 (490,000 on full service and 325,000 on live service)	8.5 million
Caseload (households)	660,000 (Most recent figures December 2017)	6.6 million
Number of claimants per work coach (those who have a dedicated work coach)	85	373
Number of claimants per case manager	154	919
Cost per claim	£699	£173
Percentage of claimants able to verify identity online	38%	80%
Payment in full and on time in the first assessment period	79%	No target

Summary

1 The Department for Work & Pensions (the Department) is introducing Universal Credit to replace six means-tested benefits for working-age households: Jobseeker's Allowance, Income Support, Housing Benefit, Employment and Support Allowance, Working Tax Credit and Child Tax Credit. In doing so, it aims to:

- encourage more people into work by introducing better financial incentives, simpler processes and increasing requirements on claimants to search for jobs;
- reduce fraud and error; and
- reduce the costs of administering benefits.

2 The Department started work on Universal Credit in 2010 with an original completion date of October 2017. However, the government reset the programme in 2013 after a series of problems with managing the programme and developing the necessary technology. In our 2014 report, *Universal Credit: progress update*, we reported that the Department had stabilised programme management, but had introduced a complicated overlapping set of systems and rules.¹ In 2016 the Department announced a revised plan to complete in March 2022. On 7 June 2018 it announced a further delay to the completion of the programme to March 2023.

3 The delays to the programme and changes in scope mean Universal Credit cannot be easily compared with its original plans. The complicated legacy of early failings means the Department has adopted a more adaptive, iterative and incremental approach to implementation. In order to assess the value for money of the Department's introduction of Universal Credit in this more incremental approach, we consider:

- how the Department's plans for Universal Credit have evolved (Part One);
- whether its adaptive and incremental approach is ensuring Universal Credit works for claimants and the organisations supporting them (Part Two); and
- ultimately, the prospects for Universal Credit achieving its aims (Part Three).

¹ Comptroller and Auditor General, *Universal Credit: progress update*, Session 2014-15, HC 796, National Audit Office, November 2014.

Key findings

Evolution of Universal Credit

4 Universal Credit is a highly ambitious reform programme that struggled with early development. The Department set out in 2011 that in return for £2.2 billion investment it would transfer eight million households to Universal Credit by 2017. It expected that 300,000 more people would move into work, that it would reduce fraud and error by £2.1 billion a year and that it would save £0.4 billion a year in administering benefits. However, the Department struggled with the early development, with problems with governance, contractors and developing a full working system. This led to the programme being reset in 2013 (paragraphs 1.4 and 1.5, and Figure 1).

5 Following the reset, the Department chose a twin-track approach to rolling out Universal Credit. From 2013, the Department chose to develop two different strands for Universal Credit. It started to build its long-term digital solution, known as *full service* over many years, while making use of the systems it had built before the reset for its *live service*. This dual approach was more expensive but the Department expected that rolling out live service would bring forward many of the benefits and reduce risks. The Department spent £837 million on live service, making it available to single claimants nationwide and to couples and families with children in north-west England from 2015. The Department closed live service to new claims in December 2017 and expects to decommission it in July 2019 (paragraphs 1.6 and 1.8 to 1.10).

6 The Department's programme plans have changed several times since the reset. The agile approach to developing systems and managing the programme has allowed the Department to adjust its plans based on what it learns about what does and does not work, and to re-prioritise activities to allow policy and other necessary changes to be incorporated as the system is developed. However, in order to incorporate the changes, the Department has needed to delay or slow down the rollout of Universal Credit. For example, since July 2016 the Department has slowed the rollout of full service to jobcentres three times as a result of policy and other changes, and in early June 2018 it announced an additional year until the completion of migration. In addition, the Department has developed additional functionality in response to its iterative approach, which has delayed the automation of the full service (paragraphs 1.11, 1.12, 1.16, 1.18, 1.19 and Figures 2, 4 and 5).

7 Universal Credit is still at a relatively early stage of progress. The Department started to make its new full service system available to all claimants from 2016 and expects it to be available in all jobcentres by the end of 2018. It has spent £1.3 billion of its investment so far on creating Universal Credit, and £600 million on running costs. About 10% (815,000) of the eventual number of claimants are now claiming Universal Credit. Once the full service is available nationwide, and once regulations are in place, the Department will start to migrate existing claimants from legacy benefits on to Universal Credit. The Department now expects this to complete in March 2023 (paragraphs 1.20, 1.21 to 1.24, 3.7 and Figures 6 and 21).

8 The Department does not have a realistic alternative but to continue. Its incremental approach has led the Department to make many changes to its jobcentres, its digital systems and the working practices of the 12,000 people working on Universal Credit. As it has rolled out Universal Credit to more claimants and areas, these changes have become increasingly embedded across the Department. It would be both complex and expensive to revert to legacy benefits at this stage (paragraphs 1.12 and 1.13).

Current experience of Universal Credit

9 Some elements of Universal Credit are working well. By 12 April 2018 the Department had rolled out its digital system to 258 jobcentres. A survey of live service claimants found that claimant satisfaction levels were similar to those on legacy benefits and in our visits to jobcentres we observed good relationships between work coaches and claimants. The staff that we spoke to told us the systems had improved significantly since their first introduction (paragraphs 1.13, 1.17, 2.2 and Figure 7).

10 Some claimants have struggled to adjust to Universal Credit. We spoke to local and national bodies that, together, work with a significant minority of claimants. They showed us evidence that many of these people have suffered difficulties and hardship during the rollout of the full service. These have resulted from a combination of issues with the design of Universal Credit and its implementation. The Department has found it difficult to identify and track those who it deems vulnerable. It has not measured how many Universal Credit claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners. The Department does not accept that Universal Credit has caused hardship among claimants, because it makes advances available, and it said that if claimants take up these opportunities hardship should not occur. However in its survey of full service claimants, published in June 2018, the Department found that four in ten claimants that were surveyed were experiencing financial difficulties (paragraphs 2.5 to 2.11).

11 One in five claimants do not receive their full payment on time. The Department paid around 113,000 new claims late in 2017, approximately 25% of all new claims. On average these were paid four weeks late. The Department improved payment timeliness from 55% to 80% over the course of 2017. However, it does not expect payment timeliness to improve significantly in 2018. It believes 100% payment timeliness is not feasible because the Department depends on claimants supplying information to verify the claim to ensure it makes payments in accordance with the law. We estimate that between 270,000 and 338,000 claimants will be paid late during 2018 (paragraphs 2.12 to 2.20 and Figures 9 to 12).

12 Universal Credit is creating additional costs for local organisations that help administer Universal Credit and support claimants. Local authorities told us that they have faced additional burdens during the development of Universal Credit, such as through increased administration for processing Housing Benefit stop notices. Local authorities, housing associations and landlords have seen an increase in rent arrears since the introduction of Universal Credit full service, which can often take up to a year to be recovered. There has been an increase in the use of foodbanks in at least some areas where Universal Credit full service has been introduced, and a greater demand for advisory and advocacy services. The Department has acknowledged and compensated local authorities for some additional costs. It told us that it will pay for additional costs if authorities can prove them. The Department places the burden of proof on authorities, uses its discretion in assessing claims, and has not sought to systematically collect data on these wider costs. However, these extra costs are not included in the Department's estimates of the programme's costs (paragraphs 2.26 to 2.38, 2.43, 2.44 and Figures 14 to 17).

13 Organisations told us that the Department has been unresponsive to issues they raise. The Department holds discussion forums with external organisations, and attributes many differences to views about policy rather than the implementation of Universal Credit. It has responded to purely operational concerns – for example, by improving the wording of claim forms – but has not been clear about how it tracks and responds to the operational impacts of policy design choices. Where cumulative concerns have led to parliamentary interest and the government has announced changes to the policy, the Department has helped to design and implement changes (paragraphs 1.14, 2.39 to 2.44 and Figure 3).

Future prospects for Universal Credit

14 The Department has a lot to do to improve the efficiency of Universal Credit systems. So far the Department has provided enough functionality to run a basic system, but many processes are still manual and inefficient. For example, the Department significantly overestimated the number of claimants that would be able to confirm their identity online with only 38% (compared with its expected 90%) succeeding in using Verify, the government's online identity verification tool. The Department intends to improve automation over the next few years, but until then it will need more staff so it can undertake work manually (paragraphs 1.15, 1.16, 3.18 to 3.22 and Figures 20 and 22).

15 The Department expects Universal Credit eventually to deliver £8 billion of net benefits a year, but this depends on some unproven assumptions. The Department now expects that an additional 200,000 people will move into work because of Universal Credit, that it will save £99 million a year in administering benefits, and will reduce fraud and error by £1.3 billion a year. These benefits remain theoretical (paragraphs 3.3 to 3.6 and 3.16). We have significant doubt about the main benefits:

- **It is not known whether the employment impact identified by early evaluation can be replicated across the programme.** Early evaluation run by the Department found claimants on Universal Credit live service were four percentage points more likely to find work compared with claimants on Jobseeker's Allowance at some point within the first six months of their claim. But these studies of offices that adopted live service early in the programme covered claimants with relatively simple needs and with more resources spent on them (paragraphs 3.11 to 3.15 and Figure 19).
- **It is not clear that Universal Credit will cost less to administer than the existing benefits system.** Planned efficiency savings are negated by the extra costs of providing the benefit system to those that are in work and any local costs, the costs for which are not included in the business case. Furthermore, planned efficiencies are uncertain. Universal Credit currently costs £699 per claim. This is more than the target unit cost that the Department set itself in order to accelerate the rollout in October 2017, and four times as much as it intends when the systems are fully developed (paragraphs 3.18 to 3.23 and Figure 20).
- **The Department does not know whether Universal Credit is reducing fraud and error.** The Department is developing a fully automated risk analysis and intelligence system for fraud and error. But it has not developed this enough to understand and assess fraud and error or to provide staff with effective reporting to allow them to identify potential fraud. The Department does not plan to finish developing its risk analysis and intelligence system or publish Universal Credit full service figures on fraud and error until spring 2019 (paragraphs 3.25 to 3.29).

16 The Department will never be able to measure whether Universal Credit actually leads to 200,000 more people in work, because it cannot isolate the effect of Universal Credit from other economic factors in increasing employment.

The 200,000 is based on the Department's modelling. Instead of measuring the exact number of additional people in employment as a result of Universal Credit, the Department plans to evaluate whether Universal Credit is more likely to get people into work compared with legacy benefits. However, it has yet to complete the evaluations of live service it had originally planned for families and couples without children (originally by December 2016) because the way it has rolled out Universal Credit means it lacks appropriate control groups of legacy claimants in its live service areas. It still hopes to set up evaluations when it has enough claimants on the full service. The Department has also started to develop alternative approaches, which provide a more rapid but less robust assessment of Universal Credit's impacts. The £5.2 billion value of employment gains in the Department's full business case remains uncertain, and sensitive to how it is modelled (paragraphs 3.15 and 3.16).

Conclusion on value for money

17 We think that there is no practical alternative to continuing with Universal Credit. We recognise the determination and single-mindedness with which the Department has driven the programme forward to date, through many problems. However, throughout the introduction of Universal Credit local and national organisations that represent and support claimants have raised a number of issues about the way Universal Credit works in practice. The Department has responded to simple ideas to improve the digital system but defended itself from those that it viewed as being opposed to the policy in principle. It does not accept that Universal Credit has caused hardship among claimants, because it makes advances available, and believes that if claimants take up these opportunities hardship should not occur. This has led it to often dismiss evidence of claimants' difficulties and hardship instead of working with these bodies to establish an evidence base for what is actually happening. The result has been a dialogue of claim and counter-claim and gives the unhelpful impression of a Department that is unsympathetic to claimants.

18 The Department has now got a better grip of the programme in many areas. However, we cannot judge the value for money on the current state of programme management alone. Both we, and the Department, doubt it will ever be possible for the Department to measure whether the economic goal of increasing employment has been achieved. This, the extended timescales and the cost of running Universal Credit compared to the benefits it replaces cause us to conclude that the project is not value for money now, and that its future value for money is unproven.

Recommendations

19 The Department is now approaching the task of migrating existing benefit and tax credit claimants to Universal Credit. After that, Universal Credit needs to provide the basis for future development and refinement of the working age benefit system. To succeed it must ensure its flexible approach to delivery helps it learn from its own experiences, those of claimants, and those who support them. The Department should:

- a Improve the tracking and transparency of progress towards Universal Credit's intended benefits.** It should set out clearly how it calculates those benefits and encourage third parties to review and monitor assumptions. The Department should assess the impact of Universal Credit on third parties and include this in its calculation and budgeting of the implementation costs.
- b Ensure that operational performance and costs improve sustainably before increasing caseloads through managed migration.** It should formally assess the readiness of automation and digital systems to support increased caseloads before migration begins, and ensure the programme does not expand before business-as-usual operations can cope with higher claimant volumes.
- c Work with delivery partners to establish a shared evidence base for how Universal Credit is working in practice.** The Department needs to ensure that delivery partners' feedback on both implementation issues and the impact on claimants is considered alongside the existing feedback from frontline staff and programme managers. It needs to systematically collect, analyse and publish data and evidence from delivery partners and produce a shared understanding of what is happening on the ground and how it is addressing any issues raised.
- d Make it easier for third parties to support claimants.** This might include:
 - extending the concept of the landlord portal to simplify verification processes (for example, for childcare costs);
 - sharing, with the claimant's consent, appropriate information with third parties, such as information on additional support requirements;
 - allowing the bulk upload and download of information helpful to the support of claimants, such as changes in rent; and
 - allowing those supporting claimants access to a version of the journal through which they can view appropriate shared information and communicate with the Department.

UC Survey - Inverclyde

1.0 Background and Introduction

Inverclyde Council surveyed Universal Credit claimants between 22nd March and 12th April 2018. At the time of the survey there were 4700 UC claimants in Inverclyde. The purpose of the survey was to obtain customer insight to understand how people are managing with Universal Credit and to help prepare for future service demand when those with the most complex needs will be required to claim. The online survey was widely publicised through local media and by email directly to UC claimants. The link to the survey was provided to customer services, housing associations and advice agencies who were encouraged to help their service users complete it.

156 people completed the survey or completed it with the help of a support provider. More than 70% of respondents first claimed UC more than 6 months before taking the survey.

Initial analysis was included in the May 2018 Welfare Reform Update report.

2.0 Contextual Information

2.1 Amendments were introduced to Universal Credit legislation in the first 6 months of 2018 to ease aspects of the transition to UC for new claimants. Furthermore, since late spring administrative changes were made by the DWP improving elements of performance and customer service. Most respondents to the survey would not have experienced any of these positive changes.

2.2 Since January 2018, the level of the advance payment available to UC claimants increased from 50% to the equivalent of 100% of projected entitlement and the repayment period increased from 6 months to 12 months. The “7 waiting days” rule was removed meaning new UC claimants’ entitlement begins on the first day of their claim. In April 2018 a transitional housing payment was introduced for new claimants moving from Housing Benefit, automatically paying an additional 2 weeks housing benefit on top of Universal Credit housing costs.

2.3 In April 2018 Inverclyde’s claims transferred to the Universal Credit Service Centre in Glasgow and in June 2018 phone calls previously handled by a range of contact centres across the country were centralised and are now handled by the case manager responsible for their claim. The Inverclyde UC Operations Group which comprises Council and HSCP services and external partners, have noticed improvements in performance since these roles were brought together.

3.0 Methodology

The survey comprised 13 multiple choice questions and three free text questions, Annex 1. Some findings were drawn from across multiple questions. It is important to note that conclusions taken from free text questions may not be reflective of all who completed the survey because they did not necessarily describe all aspects of their experience. The

quotes are however of particular interest and are proportionate to the number of replies and reflective of the opinions expressed by others.

4.0 Survey Findings

4.1 Universal Credit Digital Access

80% said they are managing their claim on their own with 78% of respondents accessing their UC online account at home or wherever there is a Wi-Fi connection. 10% said they are helped by family and friends and the same number relies on services such as a housing association, library staff or workers at their local community centre. 16% use facilities in the Jobcentre and 17% use library facilities. A national survey¹ commissioned by DWP found that 25% of UC claimants couldn't make an online claim without help and 54% reported that they were able to make a claim online without help; those with health conditions were significantly more likely to report difficulties than those without a condition.

85% of the respondents to the Inverclyde UC survey have received some level of help with UC and of the 156 respondents 76 have been helped by Jobcentre Plus, 39 by Financial Fitness, 36 by Housing Associations, 29 by The Trust and 23 by Advice First.

When asked "Please describe how you got on making your Universal Credit claim" 36% of respondents described the experience as "OK" or "easy", and a further 13% said that after finding it difficult to make their claim they are now managing with the online system. 32% however used words such as "complicated", "difficult" or "stressful". Examples of comments:

- I found the initial process quite hard and lengthy; verifying my identity and waiting for the first payment.
- A very lengthy degrading process, the initial sign up for UC was pretty complicated as I am not very computer savvy, also found waiting on appointments to prove who I am annoying.
- I found it really straightforward to use. Had a few teething problems at the start learning how to use it but all in all, I think it's a really good system.

The remaining 19% who responded to this question referred to the help they received to make their claim and about complications and incidents at the start of their claim.

- I really struggled and had to get help
- Takes too long to sort out problems
- Jobcentre staff did not know what to do about my claim and had to seek help from other staff. Then took a couple of months for me to be awarded all that I was entitled to.

31% of respondents had made a change to their claimant commitment however almost 28% of respondents did not know they are able to do this. 63% know to report changes in their health conditions.

¹ Universal Credit Full Service Survey, Department for Work and Pensions/ Government Social Research June 2018

4.2 Payment Frequency, Budgeting and Financial Management

86% of respondents know where to find their UC statement but 14% don't know where in their UC account they can find the components of their UC payments.

The survey went on to ask how people are managing if they had been on Universal Credit for a number of months. 132 UC claimants replied to this question and 48% said they were managing well, fine or ok and left comments such as:

- Now everything's in order I actually find it a good thing
- I manage the best I can do, just need to watch the way I buy things and try to divide it up for the month's money
- Finding it a lot easier with universal credit. As I'm getting all payments on same day instead of separate payments throughout the month
- I like that you don't have to put in new claims etc. if you start/stop working and instead remain on UC. I find monthly payments a nightmare when I'm unemployed but I've since requested twice monthly payments.

43% however said that they are not coping well or with great difficulty and of those who said this, 37% went further to say they are struggling financially and a number said that they rely on family, friends, the Foodbank or Scottish Welfare Fund. The national DWP survey found that 40% of all claimants are in this position.

Although not asked directly about monthly payments, 23 respondents (17%) said that they struggle to cope and of these more than half commented specifically about difficulties working with payments that vary from month to month. Examples of comments:

- It fluctuates so I can't depend on it being the same amount which is worrying because I have the housing element and can't guarantee it will be paid.
- I'm struggling but I know I have to get used to monthly pay as most jobs are monthly paying. I have set up direct debit with River Clyde Homes so I know my rent will always be paid.
- Behind with main bills for first time ever, can't get back on track because they change payment amounts every month although my circumstances are the same every month.
- I spend 2 weeks of the month really struggling. I will get there once I get a freezer instead of living daily with my money.

When asked if UC payments are received twice each month, 16 respondents (10%) said they have this in place however 62% did not know this option was available. 30 respondents (19%) said they have the housing element of their UC paid directly to their landlord (not all UC claimants receive help with housing costs).

4.3 Overall Experience of UC

The final question of the survey asked "Do you have anything else you would like to say about your overall experience of Universal Credit?" 110 respondents left a total of 174 comments.

12 respondents (11%) said they are managing well and 11 commended helpful staff at Jobcentre Plus and the Universal Credit Contact Centre. 5 others acknowledged the help received from local services, without which they said they would have not been able to complete their claim. Compliments about local services and Jobcentre Plus were made in all 3 of the free text questions.

The general sentiments recorded at this part of the survey were however largely negative with 23 (21%) of the 110 respondents using words like “stressful”, “challenging”, “degrading” and “frustrating” to describe the claim process and managing on Universal Credit.

4.4 Universal Credit Policy

22 expressed dissatisfaction with various aspects of Universal Credit policy including restricted backdating rules and one respondent referred to the removal of the severe disability premium which the government announced in June 2018 will be reinstated. 22% of respondents recalled how difficult it was waiting for their UC first payment. Furthermore, the National Audit Office reported that in March 2018 that 21% of new claimants did not receive their full entitlement on time with 13% receiving no payment on time. The payment due date is one month plus a further week after the claim is made. One respondent said:

- The 6 weeks wait before you receive the first payment is far too long. I know the answer is that you can get an advance but then you are stuck paying that off for months. Asking for payments twice a month was a huge mistake as I have no way of seeing how the money is split or when I will receive payment. How are people to budget and pay bills when they don't know when to expect their next payment?
- I found the process of claiming easy. The form is long but is explained step by step. Staff at job centre were helpful but the wait for first payment is long

8 respondents referred to rising debt and 10 stated that the level of the UC award is too low to survive. 8 respondents commented that they would prefer to return to their previous benefit schemes.

4.5 Universal Credit Processes

14% of respondents referred to mistakes made with the assessment of their claim or receiving inaccurate information from the UC Service Centre. There were 29 comments describing general dissatisfaction with Universal Credit such as difficulties with communications and the complexity of the claim process.

- The difference I have dropped from working tax credits to this is unbelievable! I have rent arrears because no one knew how this benefit worked when it was rolled out.

3 comments were made about difficulty reaching the UC Service Centre by phone. A new telephony system was introduced by the DWP in June 2018 which takes claimants directly to their case manager or a colleague in the Inverclyde team if they are not available.

- It still has got its problems but from my experience now everything's calmed down.

9 comments were made about the online Journal with 7 expressing dissatisfaction because they did not receive a reply to a message or it took a long time to receive a reply:

- The journal system is a mess and far too complex but the staff always seem to do what they can to help you despite the flawed system
- If I ignored a note in my journal I run a risk of being sanctioned. I've left a note in my journal on more than occasion and never had a reply to date.

A few positive comments were made about the UC Journal such as:

- I like that I can contact someone online and all conversations are there and recorded.

Inverclyde UC Operations Group asked the Universal Credit Service Centre to acknowledge messages left by UC claimants to confirm that their enquiry is progressing. This was agreed and is now in place in the Glasgow Service Centre.

5.0 Conclusions, Next Steps and Recommendations

5.1 The key findings of the survey are:

- A high proportion of those who claim Universal Credit find the process challenging.
- Most people can claim UC and maintain their claim themselves although most need assistance with some aspect of the process.
- There is sufficient IT available in Inverclyde although it is acknowledged that the survey was carried out online.
- Jobcentre Plus and local services are rated highly by those who use them.
- The delay between a Universal Credit claim being made and the arrival of the first payment is difficult. While advance payment of UC is available people are concerned about repayments.
- Many struggle to cope with monthly payments and even more so when payments fluctuate.
- Awareness of the option to have UC paid twice each month and the availability of budgeting support is low.

5.2 The findings will be shared with the DWP and CoSLA and will be used by the Universal Credit Operations Group to inform local priorities.

5.3 It is recommended that a further survey is carried out in the spring of 2019 to find out about the impact of actions put in place to address the findings of the 2018 survey and the 2018 regulation amendments.

Annex 1

Q1. UC Online

Do you need help keeping your UC journal up to date?

- No, I manage on my own
- Yes, friends and family help me
- Yes, I am assisted by services such as my housing association, library staff, workers at my local community centre

Q2. If you use facilities out with your own home, where do you go?

- Community hub
- Library
- Housing association
- Jobcentre Plus
- Local Job Centre
- Financial Fitness
- The Trust
- Work Club
- There is nowhere near where I live

Q3. The Claimant Commitment

Do you know you are able to discuss making changes to your Claimant Commitment with your Work Coach?

- Yes
- No

Q4. Have you ever made changes to your Claimant Commitment?

- Yes
- No

Q5. Your health and Universal Credit

If there was a change in your health, would you know to report this?

- Yes
- No

Q6. Have you had a Work Capability Assessment?

- Yes
- No

Q7. Understanding your UC payments

Do you know how the amount of UC you get is worked out?

- Yes
- No

Q8. Do you know where to find your UC statement on your UC journal?

- Yes
- No

Q9. Getting Help with UC

Do you know where to go if you need help with UC?

- Yes
- No
- I would not need help
- I would not feel comfortable asking for help

Q10. Have you had help from any of the following services (select all that apply)?

- Local Job Centre
- Library
- Housing Association
- Financial Fitness
- The Trust
- CLD, Work Club, Community Hub
- Advice First
- Other – please state the name of the service who helped you

Q11. Do you know that the Council offers free help with managing your UC money?

- Yes
- No

Q12. Do you know how to ask for your UC housing element to be paid directly to your landlord?

- No
- Yes
- Yes, I have already applied

Q13. Do you know how to ask for your UC payments to be split and paid twice every month instead of once a month?

- No
- Yes
- Yes, I have already applied

Q14. Please describe how you got on making your Universal Credit claim.

Q15. If you have been on UC for a number of months, please tell us how you are now managing.

Q16. Do you have anything else you would like to say about your overall experience of UC?

2017-18 SWF review statistics

The statistics below provide information about the reviews received from applicants in your area and compare these to the overall picture of reviews across Scotland. For comparison purposes, we have also included last year's figures.

We record cases as upheld where we change the council's decision. Uphold rates are therefore a useful indicator of how councils are performing as they illustrate how regularly we assess that a different decision should have been made. For councils with very low numbers of SPSO reviews, the uphold rates and comparisons are likely to be less representative. However, recording the uphold rates helps create a baseline for comparison in future years.

The average uphold rates in 2017-18 were (last year's figures in brackets):

- 35% (32%) for crisis grants
- 52% (43%) for community care grants.

The tables below summarise the total number of enquiries we handled, cases that we closed before decision and decision outcomes. Examples of the reasons for closing applications before making a decision include where applicants have contacted us before asking for a first tier review, before receiving their first tier decision (premature) or have chosen to withdraw their review request (Not duly made or withdrawn).

Authority	Inverclyde Council
Total Enquiries	6 (8)

Outcome	Inverclyde Council – cases closed pre-decision		
	Community Care	Crisis	Total
Out of jurisdiction	0 (1)	0 (0)	0 (1)
Premature	0 (1)	0 (2)	0 (3)
Referred back to council	1 (0)	0 (0)	1 (0)
Total	1 (2)	0 (2)	1 (4)

Application Type	Total Decisions	Not Upheld	Upheld	Uphold Rate	National Average Uphold Rate
Crisis	1 (0)	0 (0)	1 (0)	100% (0%)	35% (32%)
Community Care	4 (4)	1 (4)	3 (0)	75% (0%)	52% (43%)
Total	5 (4)				

Suggestions for Improvement

Where we identify potential or actual failings, we record suggestions for improvements which we highlight directly to councils. We do this for all cases, whether or not we uphold them. For transparency, we include these in our decision letters to applicants.

We have outlined the findings we have recorded for your council broken down by the 'findings subject' and whether or not they were material to the decision. For clarity, findings which are material to the decision cause us to disagree with the overall decision, whereas non-material findings are general suggestions for improvement.

This information provides detail around the areas of your casework where we considered improvements could be made, and we anticipate this will be used for identifying areas of focus for learning. As a result of feedback from councils on our annual letter last year, we have amended the covering letter we send to councils with each decision to include more detailed information about our findings. Examples of our findings and further information regarding the findings categories are contained within our annual report. Councils have also been provided with detailed case by case feedback throughout the year.

We hope you find this helpful. If you would like to discuss this with them, or how we might provide learning support, please get in touch with the SWF team 0800 014 7299.

Authority	Inverclyde Council
Total findings	12 (3)

Subject	Findings: Material to Decision	
	%	Total
Guidance not followed correctly	40% (0%)	2 (0)
Incorrect interpretation of information	20% (0%)	1 (0)
New information provided	40% (0%)	2 (0)
Total	100% (0%)	5 (0)

Subject	Findings: Not Material to Decision	
	%	Total
Communication issues – written	57% (33%)	4 (1)
Guidance not followed correctly	0% (67%)	0 (2)
Other	14% (0%)	1 (0)
Positive feedback	28% (0%)	2 (0)
Total	99%* (100%)	7 (3)

**percentages may not equal 100% due to rounding*

Discretionary Housing Payments
Position 31.07.18

1/ SSSC (Bedroom Tax)

Applications Approved	1382	93.32%
Applications Not Eligible/Refused	37	2.50%
Applications Being Assessed	62	4.18%
	<u>1481</u>	

Paid to Date	950,142	Note 1
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2018/19 Budget	<u>951,776</u>	
(Under)/Overspend	<u>(1,634)</u>	

2/ Other DHP Cases

£

2018/19 Budget	223,152	Note 2
less : Payments to 31/7/18	<u>144,719</u>	Note 3
(Under)/Overspend	<u>(78,433)</u>	

Notes

1/ Represents 98.33% of those households known to be affected by SSSC.

2/ Includes £40k from the Welfare Reform recurring budget and £103k one off funding carried forward from 2017/18 for Temporary Accommodation.

3/ Includes £20k Benefit Cap, £70k Temporary Accommodation

Scottish Welfare Fund
31st July 2018

Calls Answered	4126		
Applications	2127		
Applications Granted	1229	57.78%	
Applications Refused	431	20.26%	Note 3
Applications Withdrawn	389	18.29%	
In Progress	78	3.67%	
Referrals to DWP	89		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (934)	86	254	33.86%
Community Care Grants paid (309) (includes 14 applications paying both CCG & CG)	153	517	29.59%
	239	771	31.00%

Note 1 1st Tier Reviews waiting decision = 6
 1st Tier Review decisions = 24 (1.45%)
 1st Tier Reviews upheld in customer favour = 7 (29.17%)
 2nd Tier Reviews = 5 (as % of 1st tier decisions: (20.83%)
 2nd Tier Reviews upheld in customers favour = 2 (40.00%)

Note 5

Note 2 Referrals to DWP are the number of customers who are awaiting payment of a new claim for Universal Credit from DWP. In these circumstances an application can be made for a UC advance, which is repayable to the DWP.

Note 3 The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.

Note 4 Core Budget is £670,985 to which is added £100,000 allocation from the Anti-Poverty recurring budget.

Note 5 1 decision based on additional information sourced by SPSO which was not available to Discretionary Payments Team at the point of the original application or 1st tier review stage.