

## PLYMOUTH CITY COUNCIL

**Subject:** Universal Credit Select Committee Review recommendations  
**Committee:** Cabinet  
**Date:** 14 August 2018  
**Cabinet Member:** Cllr Chris Penberthy  
**CMT Member:** Andrew Hardingham  
**Author:** Emma Rose  
**Contact details:** emma.rose@plymouth.gov.uk  
**Ref:**  
**Key Decision:** No  
**Part:** 1

---

### **Purpose of the report:**

To consider the recommendations made by the Select Committee Review of Universal Credit, which took place 14 March 2018.

---

### **Corporate Plan:**

Understanding the impact of Universal Credit on the city allows the Council to support the most financially vulnerable residents, contributes to our values of fairness and vision of being a caring organisation.

---

### **Implications for Medium Term Financial Plan and Resource Implications:**

#### **Including finance, human, IT and land:**

Customers moving to Universal Credit may not be as likely to claim other support from the Council that they are entitled to e.g. Council Tax Support (CTS). If there are eligible UC customers not accessing CTS, the Council may be inaccurately predicting the amount of income due from council tax, which could place pressure on budgets.

If the Council does not take additional steps to help Universal Credit customers maximise the uptake of financial assistance that they are entitled to, they may be detrimentally affected and present in need of other Council Services which are more expensive to deliver.

---

#### **Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

The impact on children is not entirely clear and the effects in Plymouth are being monitored. The Institute of Fiscal Studies concluded that single parents and two-earner couples are relatively likely to lose, and one-earner couples with children are relatively likely to gain. Among those currently receiving one of the benefits being replaced by UC, working single parents would be over £1,000 a year worse off on average if the long run UC system applied now, but one-earner couples with children would gain over £500 a year on average. Actions to mitigate this are identified in the report.

---

**Equality and Diversity:**

Has an Equality Impact Assessment been undertaken? Yes, Universal Credit (UC) is a national benefit administered by DWP and the associated Equality Impact Assessment was published in 2011. That estimated that 2.8 million households would have a higher entitlement, 2 million a lower entitlement and 2.7 million would have no change in entitlement under UC.

54% of disabled households were anticipated to see a change in their entitlement under Universal Credit. The average gain was predicted by DWP to be £33 per week but the average loss for those with a decrease in entitlement was £37, which is higher than the predicted average loss in a household without a disabled person (£27). It was also considered that as disabled people were less likely to be in work, that they would be less likely to be moved out of poverty by the introduction of Universal Credit.

---

**I Recommendations and Reasons for recommended action:**

Cabinet support the recommendations made by the Select Committee Review on Universal Credit and the Portfolio Holder monitors the progress of the associated actions.

---

**Alternative options considered and rejected:**

Not supporting the recommendations made by the Select Committee Review

---

**Published work / information:**

[DWP Equality Impact Assessment](#)

[IFS Green Budget 2016](#)

[National Audit Office – Rolling Out Universal Credit 15 June 2018](#)

**Background papers:**

Title	Part I	Part II	Exemption Paragraph Number						
			1	2	3	4	5	6	7

---

**Sign off:**

Fin	pl18.19.66.	Leg	ALT/30508	Mon Off		HR		Assets		IT		Strat Proc	
Originating SMT Member Faye Hambleton													
Has the Cabinet Member(s) agreed the content of the report? Yes													

## **Background**

A select committee review was completed on 14 March 2018 to consider the impact of the roll out of Universal Credit across Plymouth. The committee agreed ten recommendations. Since the review, the National Audit Office published their report on the roll out of Universal Credit on 15 June 2018.

The NAO's report assesses Universal Credit's value for money, the evolution of the Universal Credit programme, whether Universal Credit is working well for claimants and for the organisations supporting them, and the prospects of Universal Credit achieving its aims. The Universal Credit programme was 'reset' in 2013 after a series of system failures; the plan now is to achieve full roll out by 2023, six years later than the original completion date of 2017.

According to the NAO, the DWP underestimated the impact Universal Credit would have on some claimants; flaws in the system, such as delayed payments, add to hardships caused by design features such as monthly payments in arrears and direct rent payments to tenants. The DWP has increased the availability of advances, which must be repaid, to claimants who cannot manage financially until they receive their first payment, but advances have introduced a new layer of administrative complexity.

The NAO cannot quantify how many claimants are experiencing difficulties or hardship because of Universal Credit; support organisations giving evidence indicated numbers of individual cases that amounted to least a significant minority. Local authorities, housing associations and landlords have seen an increase in rent arrears since the introduction of Universal Credit, which can take up to a year to recover; the Trussell Trust has indicated foodbank use has increased by 30 per cent in the six months after Universal Credit full service rolled out in an area, compared with a 12 per cent increase in non-Universal Credit areas; however, the DWP does not systematically assess the cost of Universal Credit to external agencies, nor does it have a clear picture of potentially vulnerable claimants.

The business case for Universal credit is in the NAO's view unproven; the DWP cannot show conclusively that Universal Credit will increase employment, reduce fraud and error, and reduce administrative costs. The NAO concludes that "there is no practical alternative to continuing with Universal Credit", but "the project is not value for money now, and its future value for money is unproven"

The findings of the NAO report echo and strengthen the evidence given in the Council's Select Committee Review. The new administration included a pledge in their manifesto as follows:

*Pledge 63: The refusal of the Government to pause and fix Universal Credit means a faulty system is being rolled out in Plymouth causing misery for many people. We will work with advice agencies and the DWP to ensure that people in the city get the support they need to navigate this complex and broken system.*

This paper lays out the response to the select committee recommendations, taking into account the subsequently published information and pledge commitment.

## **Recommendation 1**

Following proposed amendments to Universal Credit income thresholds, the committee understand that a significant number of children may be at risk of losing their free school meal entitlement; the committee therefore requests that Council officers review the potential impact of such a change on –

- families;
- young people and consequential impact on educational attainment;
- the Council's Joint Venture with CATERed;
- impact of the Pupil Premium and consequential impacts on the education system in Plymouth;
- health indicators;

## **Response**

The Customer Services and Education Participation and Skills teams have scoped a project to identify pupils who are likely to be entitled to free school meals but are not in receipt of them. Data matching within the Council's systems does not include information on Universal Credit customers. A formal request has been made to DWP to provide data on families who have children and are in receipt of Universal Credit. Once that information is received, we can estimate the impact of the amendments to the Universal Credit income thresholds.

The cross party advisory committee on child poverty has been requested to add the impact of Universal Credit as a work strand. Work is ongoing within the Public Health and Education, Participation and Skills teams to understand the impact of Universal Credit on health and educational attainment.

## **Recommendation 2**

During the witness statements, the committee raised concerns regarding the quality of communication and data sharing between statutory and non-statutory agencies, landlords and the community and voluntary sector; the committee therefore recommends that statutory agencies work together to develop robust mechanisms, as follows -

- to share predictive data relating to Universal Credit claimants and households to enable better planning of resources;
- to better communicate information on Discretionary Housing Payments and the support available for Universal Credit claimants to social and private sector landlords and tenants;
- better improve communication between local authorities, Department of Work and Pensions, social and private landlords;

## **Response**

Work continues to strengthen the communication and lawful data sharing across all stakeholders. Regular forums include Universal Credit liaison meetings, Devon Money Advice Forum and the South West Landlord's Association. Training sessions have been rolled out for DWP work coaches to increase their knowledge and understanding of financial support available to customers, including

discretionary housing payments and council tax support. The uptake of Discretionary Housing Payments this financial year to date has improved compared to the same period last year.

Challenges remain with obtaining predictive data from DWP relating to Universal Credit claimants in order to allow the Council and stakeholders to intelligently focus resources where they may be most needed. A number of formal requests have been made over several months for data relating to Plymouth residents, including families with children who might be eligible for free school meals, carers, young people and the number of claimants in receipt of advances. None of the requests have been refused, but none of the information has been provided by DWP.

### **Recommendation 3**

That the Group Leaders write to the Permanent Secretary seeking -

- implementation of default automatic direct payment for the housing element of Universal Credit to social and private landlords with an opt out;
- improve communications between Department for Work and Pensions and private landlords;
- to provide a mechanism for confirming entitlement to Universal Credit, at an earlier stage, in order to progress Discretionary Housing Payments applications when they are needed;

### **Response**

The DWP Partnership Manager is linked in with private sector landlords and a session with PCC and DWP is planned with the South West Landlord Association at their General Meeting on 17 October 2018. Officers have also confirmed with DWP the ability to use information from the Universal Credit Customer's online account once their identity has been confirmed and an advance payment agreed, as confirmation in order to progress a discretionary housing payment application. This occurs one week after the initial Universal Credit application is made. This is a significant step forward as previously the team had to wait until the assessment period, five weeks after the application is made.

A letter will be drafted to the Permanent Secretary from our Group Leaders, copying in our Members of Parliament.

### **Recommendation 4**

Request that the portfolio holder accelerates the work being undertaken between Plymouth City Council, Plymouth Community Homes, PATH and other landlords to use the Discretionary Housing Payments underspend this financial year.

### **Response**

This was actioned on the day of the select committee review meeting and Discretionary Housing Payments (DHP) were made wherever possible. As a result, an additional £40k was awarded to clear rent arrears, helping to bring the total DHP spend for 17/18 to £548k from an allocation of £725k.

### **Recommendation 5**

Encourage local businesses to introduce a payroll deduction scheme in order to promote the Credit Union.

### **Response**

Pledge 9 supports and expands on this recommendation:

*Many local businesses work hard for the good of Plymouth, going the extra mile to help meet the city's needs and working for inclusive growth. We will explore ways in which we can help businesses and social enterprises that go further than a standard corporate social responsibility programme to grow.*

Work is underway, led by the Policy and Intelligence team, to look at options to implement the recommendation.

### **Recommendation 6**

Investigate the feasibility of restricting the location of money lending and rent-to-own companies within the city centre and deprived areas through planning controls.

### **Response**

The Development Team are looking into available options.

### **Recommendation 7**

Investigate whether there is a secure storage area within the Council's estate that could be used by the Plymouth Food Bank.

### **Response**

The Land and Property team is looking into the options available.

### **Recommendation 8**

Properly fund Advice Plymouth in order to provide additional resources to cope with the increasing demand for complex case management and to seek financial contributions toward the service from partners.

### **Response**

The Advice and Information procurement process is underway and includes consideration of this recommendation.

### **Recommendation 9**

Review the existing training provided by the Council and partner agency staff regarding signposting and support for Universal Credit customers and undertake refresher training where necessary

### **Response**

Further refresher training has been completed and shadowing opportunities identified. A training and update programme is ongoing as Universal Credit continues to roll out across the city.

**Recommendation 10**

Hold a further review to assess the impact of Universal Credit once the service has been live for 12 months (February 2019) and to receive quarterly updates to ensure that this issue is kept under review.

**Response**

This has been accelerated given the additional information that has been published since the select committee review. A Scrutiny Select Committee has been scheduled in September.