



NOTTINGHAM CITY COUNCIL
OVERVIEW AND SCRUTINY COMMITTEE

Date: Wednesday, 3 October 2018

Time: 2.00 pm

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG

Councillors are requested to attend the above meeting to transact the following business

Corporate Director for Strategy and Resources

Governance Officer: Zena West **Direct Dial:** 0115 8764305

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| 1 | APOLOGIES FOR ABSENCE | |
| 2 | DECLARATIONS OF INTERESTS | |
| 3 | MINUTES | 3 - 6 |
| | To confirm the minutes of the meeting held on 5 September 2018 | |
| 4 | UNIVERSAL CREDIT | 7 - 24 |
| | Report of the Head of Legal and Governance | |
| 5 | DISCUSSION WITH THE PORTFOLIO HOLDER FOR EDUCATION AND SKILLS | 25 - 26 |
| | Report of the Head of Legal and Governance | |
| 6 | WORK PROGRAMME | 27 - 30 |
| | Report of the Head of Legal and Governance | |

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

CITIZENS ATTENDING MEETINGS ARE ASKED TO ARRIVE AT LEAST 15 MINUTES BEFORE THE START OF THE MEETING TO BE ISSUED WITH VISITOR BADGES

CITIZENS ARE ADVISED THAT THIS MEETING MAY BE RECORDED BY MEMBERS OF THE PUBLIC. ANY RECORDING OR REPORTING ON THIS MEETING SHOULD TAKE PLACE IN ACCORDANCE WITH THE COUNCIL'S POLICY ON RECORDING AND REPORTING ON PUBLIC MEETINGS, WHICH IS AVAILABLE AT WWW.NOTTINGHAMCITY.GOV.UK. INDIVIDUALS INTENDING TO RECORD THE MEETING ARE ASKED TO NOTIFY THE GOVERNANCE OFFICER SHOWN ABOVE IN ADVANCE.

NOTTINGHAM CITY COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

MINUTES of the meeting held at Loxley House, Nottingham on 5 September 2018 from 2.01 pm - 4.32 pm

Membership

Present

Councillor Brian Parbutt (Chair)
Councillor Anne Peach (Vice Chair)
Councillor Jim Armstrong
Councillor Azad Choudhry
Councillor Nicola Heaton
Councillor Mohammed Ibrahim
Councillor Patience Uloma Ifediora
Councillor Glyn Jenkins
Councillor Sue Johnson (Vice Chair)
Councillor Gul Nawaz Khan
Councillor Mohammed Saghir

Absent

Councillor Cate Woodward

Colleagues, partners and others in attendance:

Councillor Sally Longford	- Portfolio Holder for Energy and Environment
Councillor Toby Neal	- Portfolio Holder for Community Protection
Chris Carter	- Head of Transport Strategy
Rasita Chudasama	- Principal Transport Planner
Jason Gooding	- Head of Parking, Fleet and Transport
Matt Ralfe	- Business Performance Analyst, Commercial parking Services
Laura Wilson	- Senior Governance Officer
Phil Wye	- Governance Officer

21 APOLOGIES FOR ABSENCE

Councillor Cate Woodward - leave

22 DECLARATIONS OF INTERESTS

None.

23 MINUTES

Councillor Jim Armstrong's apologies were not recorded in the minutes of the last meeting. With this alteration the minutes were confirmed as a correct record and signed by the Chair.

24 DISCUSSION WITH THE PORTFOLIO HOLDER FOR COMMUNITY PROTECTION

Toby Neal, Portfolio Holder for Community Protection, gave a presentation outlining progress within his portfolio against the Council Plan priorities and the main priorities and challenges for 2018/19, highlighting the following:

- (a) 18 out of the 26 measures in the Council Plan that come under Councillor Neal's portfolio are rated green;
- (b) there has been an increase in crime but this is influenced by wider factors such as new reporting methods, and the baselines for measurement will need to be adjusted;
- (c) a reduction in Domestic Violence is a key deliverable in the Council Plan. All services have been protected to support this including support services at GP surgeries and midwives;
- (d) there has been an increase in the reporting of hate crime in the City. This could be seen to show a more positive environment where citizens feel supported to report crime;
- (e) the removal of the City Police Division undermined years of collaborative work between the Police and the Council, but the new Chief Constable is more open to a geographical approach to policing in the City enabling a more positive relationship going forward;
- (f) the Council is working with the Police and Crime Commissioner to maintain a network of police stations and access points across the city, but this is challenging due to lack of resources;
- (g) Councillor Neal's portfolio also covers city centre management, and he has been bringing groups together to aid city centre regeneration and an improved street scene;
- (h) homelessness is an increasing problem in the City, and requires an effective method to support those at risk of eviction and finding fit temporary accommodation. The aim is for the use of bed and breakfasts to finish by Christmas, and the Council is moving to a 'no first night out' policy;

The following points were raised during the discussion which followed:

- (i) particular types of crime, such as knife crime, are given a higher profile by the media. Funding for youth services has reduced, so the Council works with a number of grassroots organisations around these specific issues and tries to keep a visible Community Protection presence;
- (j) not all anti-social behaviour is a police matter, as some behaviour which was previously recorded as anti-social behaviour is now recorded as public nuisance

and is not always dealt with as a criminal offence;

- (k) the Selective Licensing scheme places the same burden of responsibility on private rented sector landlords as social landlords to make all reasonable efforts to reduce anti-social behaviour;
- (l) some police have moved from Byron House to Radford Road Police Station, which has made it more difficult for them to work jointly with Community Protection Officers;
- (m) parking enforcement officers will always respond to reports from citizens and Councillors, but around half of them are based in the city centre and can't cover the entire city at one time. If Nottingham City introduced charges for residents' parking schemes then more officers could be employed but the Council does not wish for residents to incur additional costs;
- (n) three pilot schemes are taking place around schools to create a better environment with less obstruction from parking, and more powers to enforce this for the Council;
- (o) ongoing engagement activity takes place with new and emerging communities such as the Roma community, as well as activity with established communities;
- (p) Community Protection is currently under resourced. CPOs' job is very demanding and requires a high commitment but does not pay very well so they often move on to more senior roles in the police or other areas of the Council. Their rates of pay and career opportunities are currently under review.

RESOLVED to thank Councillor Neal for the information provided.

**25 IMPLEMENTATION OF MEASURES TO IMPROVE AIR QUALITY -
REDUCING THE IMPACT OF THE COUNCIL'S FLEET**

Jason Gooding, Head of Parking, Fleet and Transport, delivered a presentation to the Committee highlighting the following:

- (a) Nottingham City has an ambition to become an exemplar for Ultra Low Emission Vehicles (ULEVs), leading by example and embracing new technology. This would see at least 22% of the Council's fleet as ULEV vehicles, with reduced emissions, and further commercial opportunities for the Council;
- (b) Parking, Fleet and Transport Services manage on and off street parking in the city, the Workplace Parking Levy (WPL) and Workplace Parking Charge, as well as the Council's fleet of vehicles;
- (c) the Council has a large fleet of vehicles which mostly runs on diesel. Lighter vehicles are being systematically replaced with ULEVs, with over 38 so far replaced;
- (d) for medium and heavy vehicles there is nothing market ready at the moment in terms of ULEVs, but the Council has secured £1.5m of government funding in

order to pilot conversion of a number of its heavy fleet vehicles from diesel to ULEV, such as electric sweepers and electric cage tippers;

- (e) the Vehicle to Grid initiative is the first of its kind in Europe and allows electric vehicles to be charged as usual, but also to feed electricity stored within their batteries back to the grid when they are not needed;
- (f) the Council is planning the development of a fully equipped ULEV service maintenance and repair centre at Eastcroft Depot. This will save the Council money in the upkeep of its ULEV vehicles, whilst also presenting a commercial opportunity as there are currently no such independent facilities for public sector and commercial fleets;
- (g) new telematics systems across the Council's fleet to measure and monitor drivers' behaviour and emission impact will provide a clear picture for improvement and maximise fleet utilisation.

The following points were raised during the discussion which followed:

- (h) although there are no market ready heavy fleet ULEVs available at the moment, battery technology is improving all the time. This is why it makes sense to buy the vehicles using a phased approach. Trialling these vehicles will also provide insight and deliver a business case for future investment;
- (i) in the private sector there has been a huge increase in the number of delivery vans. At the moment these can be driven on a normal driving license if they are under a certain weight which ULEVs on the market exceed;
- (j) batteries currently take 7-8 hours to charge on a slow charge, but can be charged more quickly in 30 minutes on a rapid charge which is more expensive;
- (k) reducing the WPL for ULEVs has been considered but dismissed as the WPL is intended to reduce congestion rather than emissions. The WPL provides support to 50-60 businesses for cycle provision, charge points and ULEV pool cars;
- (l) the price of ULEVs should reduce in the future as the market expands and a second hand vehicle market develops. Diesel vehicles are likely to reduce in value;
- (m) hybrid vehicles are useful for longer journeys and reducing CO2 emissions, but not so good for short journeys and local air pollution as ULEVs. They are also very expensive.

RESOLVED to thank Jason for the information provided.

26 WORK PROGRAMME

RESOLVED to note the Committee's work programme for the remainder of the municipal year.

OVERVIEW AND SCRUTINY COMMITTEE
3 OCTOBER 2018
UNIVERSAL CREDIT
REPORT OF HEAD OF LEGAL AND GOVERNANCE

1 Purpose

- 1.1 To hear from colleagues about the likely impact of the introduction of Universal Credit in Nottingham. This report also provides the Committee with some background information on this issue.

2 Action required

- 2.1 The Committee is asked to:
- a) Consider the information contained in this report and provided at the meeting.
 - b) Consider whether there are recommendations that could be made in relation to the introduction of Universal Credit.

3 Background information

- 3.1 Universal Credit is being introduced in Nottingham on 17 October 2018. It is the biggest change to affect the welfare system since its inception and will impact on all new benefits claimants and existing claimants whose circumstances change. The Committee added this matter to the work programme to look at how the Council and its partners are preparing for the introduction of Universal Credit and the implications it has for citizens and the Council.
- 3.2 Elaine Fox, Corporate Policy and Performance Officer, Lucy Lee, Head of Customer Services and Keri Usherwood, Portfolio Communications Manager will be attending the meeting to provide information to the committee and answer Councillors' questions. A briefing paper has been prepared by these colleagues for the committee which is attached as appendix A.
- 3.3 The Department for Work and Pensions had agreed to attend the meeting but, due to diary commitments and the level of previous engagement with other colleagues and councillors on this matter they are no longer able to attend. They have responded to questions raised by the Senior Governance Officer and these responses are attached as appendix B.

4 List of attached information

- 4.1 Appendix A – Briefing on Universal Credit from Colleagues

- 4.2 Appendix B – Response from the Department for Work and Pensions
- 4.3 Appendix C – National Audit Office report “Rolling Out Universal Credit” Executive Summary (full report available at <https://www.nao.org.uk/report/rolling-out-universal-credit/#>).

5 Background papers, other than published works or those disclosing exempt or confidential information

- 5.1 None

6 Published documents referred to in compiling this report

- 6.1 Report attached as Appendix C.

7 Wards affected

- 7.1 All

8 Contact information

- 8.1 Jane Garrard, Senior Governance Officer
Jane.garrard@nottinghamcity.gov.uk, 0115 876 4315

Universal Credit update for Overview and Scrutiny Committee

3rd October 2018

Universal Credit is the largest ever reform of the welfare system since its inception and moves the responsibility on to citizens for management of their finances. The premise is to reward work, encourage responsibility, support aspiration and drive the message that citizens will be better off in work.

Universal Credit rolls out in Nottingham on 17th October 2018 and this update is to provide an overview to Overview and Scrutiny Committee around our role, how we support our citizens, what message we need to provide, consider risks and answer any additional questions.

Who will be affected?

From 17th October onwards if someone makes a new benefit claim or has a change in their circumstances they will move onto Universal Credit. Nottingham is one of the last places in the country where Universal Credit is rolling out.

Universal Credit is replacing the following benefits:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Working Tax Credit

Universal Credit does not include any other benefits, including Council Tax Support, which can be claimed alongside Universal Credit. There are also other exceptions such as individuals with more than 2 children; people who have a partner over pensionable age and those who are living in unspecified or temporary accommodation.

Currently 7.5m individuals are claiming Universal Credit. A managed migration will then take place for all other claimants from July 2019. The migration is expected to be completed by mid-2023. DWP handle all migration to Universal Credit.

What is different about Universal Credit?

- Access to all data online through a portal using document uploads.
- All monies are paid directly to the claimant including rent payments so landlords will no longer be paid directly.
- There is no back dating of claims, the applicant needs to claim as soon as possible.
- Benefit is paid monthly rather than weekly.
- Hourly limit is abolished, all benefit is calculated on income.

Transitional Arrangements

- Interest free advances are available to ease the transition from weekly to monthly and are repayable over a 12 month period. The maximum rate of recovery (the repayment cap) is 40% of the monthly standard allowance.
- Advances can be paid for changes of circumstances, for example the birth of a child, again these are repayable.
- If a claimant starts work, a taper is applied based on earnings up to a maximum limit depending on circumstances.
- The seven waiting days at the start of Universal Credit claims have been removed so claimants have to wait five weeks instead of six for their first payment.

- Housing Benefit payments will be allowed to continue for an extra two weeks after the start of the Universal Credit claim. This is an attempt to reduce the threat of eviction caused by delays in housing cost payments at the start of a new claim.

Exceptions

- DWP assess claimants who have complex needs and these individuals are provided with face to face support by them.
- DWP can assess individuals who may need alternative payment arrangements such as those who have a history of rent arrears, or who build up arrears and need 'managed payments'; those who are likely to have significant difficulties in managing monthly budgeting arrangements; and those who may need individual payments rather than household (dominant partner/safeguarding issues etc).
- These cases will have to meet prescribed eligibility thresholds.

What have we done to prepare?

- An article went in The Arrow in June to let Nottingham residents know what they need to have in place before they move onto Universal Credit – this was to ensure people who are not yet online got the relevant information. Another article will go into the autumn edition. There will also be information shared on the City Council's website and on social media.
- Officers meet regularly with our colleague from Advice Nottingham to discuss any issues which have been identified by the city's advice providers.
- A group has been convened with stakeholders and relevant parties from across the Council including Marketing and Comms, Customer Services, Corporate Policy, Welfare Rights, Library Services and Finance plus NCH, Nottingham Revenues and Benefits, Advice Nottingham and the Department for Work and Pensions. The meeting is chaired by Candida Brudenell.
- Links are being made with local authorities where Universal Credit has already been rolled out, including Newcastle, to see what support they offered and if it was sufficient.
- Cllr Chapman has requested monthly updates on the rollout of Universal Credit and what we are doing to prepare.
- At the MPs' meeting in January we informed attendees of the preparations we are making and they offered to share information with constituents.
- Cllr Chapman convened a meeting with senior local DWP officers to seek assurances following negative press reports about areas in which Universal Credit has already rolled out.
- Lucy Lee is the lead for Universal Credit preparations, predominantly working with Elaine Fox from Corporate Policy and Performance and Keri Usherwood from Marketing and Comms.

What are the risks?

- Council Tax support needs to be applied for separately. We have been assured by the DWP that their work coaches will remind claimants of their other liabilities, such as Council Tax and personal financial commitments (loans, credit cards etc), and tell them how to claim. There remains a risk that if people are overwhelmed by paying their rent and budgeting with monthly payments they may neglect to arrange Council Tax support.
- There are a number of private and social landlords in the city who will be affected by Universal Credit and an increased risk of rent arrears. DWP are holding Stakeholder Events for landlords over the next 2 weeks.
- NCC colleagues are making links with social landlords and housing associations across the city.
- By way of an indication of the potential impact of Universal Credit, NCH confirmed as of June it had 11,280 working-age tenants currently claiming Housing Benefit. Below are indicative figures of what an increase in rent arrears would mean financially:

- 5% would equate to £2,300,777.50 in arrears incurred per year
- 10% would equate to £4,601,555.00 in arrears incurred per year
- 20% would equate to £9,203,110.00 in arrears incurred per year

The above figures are based on a total of £920,311 charged in rent each week, or £46,015,550 each year (rent is calculated over 50 weeks due to two weeks of the year being rent free). Nottingham City Homes have advised that of 414 live cases they have, 208 are having managed payments – over 50% in significant arrears.

- The best collection rate for Universal Credit in the country is by Your Homes Newcastle, they are collecting about 95% of rent. As mentioned above we are making links with Newcastle to look at any learning we can gain from the rollout of Universal Credit there
- There may be potential implications for NCC uploading personal documentation on to our network, this has been flagged with IT colleagues and a response is awaited.

What else do we need to do?

Consider Universal Support funding

The Council will receive funding for the following areas of support:

- Assisted Digital Support to assist claimants with applying, data gathering and document uploading and account management
- Personal Budgeting Support to support and develop financial responsibility.

DWP have made an assumption for the numbers of claimants they feel will be referred by them for this support between 17th October and 31st March 2019. For ADS, this assumption is for 347 citizens at a rate of £53.55 per claimant (total of £18,581) and for PBS this assumption is for 577 citizens at £63.00 per claimant (total of £36,351). These figures are not prescriptive and NCC will complete a return to DWP each month evidencing take up and the funding will be adjusted accordingly.

Some councils have handed over the responsibility and funding to advice organisations, DWP expect that in Nottingham City the support will be provided initially at least by the council and have been in discussion with Ian Roper in this respect. Ian feels that based on the expected numbers Welfare Rights could manage the PBS element of support and have the existing skills to provide it effectively.

Gary Hall from Libraries has indicated a willingness to offer ADS but due to the funding situation both of these options need further consideration. A decision also needs to be made around where support is offered. Citizens may expect support to be available at Loxley House and joint service centres for example but logistically it may be necessary to deliver centrally from the team providing the support, which would currently be Angel Row.

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Response of the Department for Work and Pensions

- **The number of claimants moving to Universal Credit** – Initially Department for Work and Pensions (DWP) will only take new claims to Universal Credit Full Service (UCFS) or where there has been a significant change in circumstances for a claimant – Claimants will claim UCFS where they may previously have claimed Job Seekers' Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Housing Benefit (HB), Child Tax Credits and Working Families Tax Credits – We are forecasting between 550 – 600 per week, but this may change
- **The demographics of claimants** – The claimants to UCFS are likely to be actively looking for work, lone parents, sick, or working
- **The key differences between Universal Credit and previous benefits, e.g. payment frequency, timeframes, etc.** – The key difference is that claimants will move from receiving their benefit fortnightly to monthly to reflect the world of work. Except for tax credit claimants where that is currently paid monthly. The 7 waiting days for a new claim to UCFS is no longer in place and the payments will be effective from day one and will be paid for a calendar month – e.g. 7 September – 6 September and payment will follow 7 days later. The key difference is making work pay and replicate the world of work so that when they move into work it is a smoother transition.
- **Possible issues for claimants on variable income** – We recognise that some claimants may find it challenging to move to less frequent payments and for those claimants who are vulnerable or need our support we are able to arrange direct payments to landlords for those in rented accommodation, a 100% advance on their UCFS payment from day one repayable over a 12 month period, if that is required.
- **Plans to mitigate issues with delays in payments** – We are currently not experiencing any delays in payments – However, delays may occur if the claimant has not provided all of the information required to receive their full entitlement. We have plans in place to support and work with these claimants to ensure that they receive their full payment on time. The latest data shows that nearly 90% are receiving first payment in full and on time.
- **The timescale for the rollout** – Nottingham City will rollout for new claims and change in circumstances on 17 October 2018 – We have no further information at this point when we will migrate claimants on existing benefits to UCFS.

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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.

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OVERVIEW AND SCRUTINY COMMITTEE
5 SEPTEMBER 2018
DISCUSSION WITH THE PORTFOLIO HOLDER FOR EDUCATION AND SKILLS
REPORT OF HEAD OF LEGAL AND GOVERNANCE

1 Purpose

- 1.1 To hear from the Portfolio Holder for Education and Skills on progress against her Council Plan priorities, and her main priorities and challenges for the 2018/19 municipal year. The discussion will focus on the non-schools element of the Portfolio as the Schools element will be discussed at the Children and Young People Scrutiny Committee.

2 Action required

- 2.1 To use the information received at the meeting from Councillor Neghat Khan, Portfolio Holder for Education and Skills, to inform questioning and identify potential areas for future scrutiny.

3 Background information

- 3.1 On 9 November 2015 the Council Plan was approved by full Council, and guides the Council's services and approach to support the delivery of its key priorities for the city until May 2019.
- 3.2 The local authority is currently in the last year of the Plan.

4 List of attached information

- 4.1 None.

5 Background papers, other than published works or those disclosing exempt or confidential information

- 5.1 None.

6 Published documents referred to in compiling this report

- 6.1 Council Plan 2015-19.

7 Wards affected

- 7.1 All.

8 Contact information

- 8.1 Laura Wilson
Senior Governance Officer
0115 8764301
laura.wilson@nottinghamcity.gov.uk

OVERVIEW AND SCRUTINY COMMITTEE
3 OCTOBER 2018
WORK PROGRAMME
REPORT OF HEAD OF LEGAL AND GOVERNANCE

1 Purpose

1.1 To consider the Committee's work programme for 2018/19.

2 Action required

2.1 To discuss the work programme for the remainder of the municipal year and make any necessary amendments.

3 Background information

3.1 The Committee discussed items for its 2018/19 work programme on 14 March 2018, and approved it on 4 April 2018, with some amendments being made at subsequent meetings.

3.2 The Committee is responsible for setting and managing its own work programme.

3.3 In setting the work programme, the Committee should aim for an outcome-focussed work programme that has clear priorities and a clear link to its roles and responsibilities.

3.4 The work programme needs to be flexible so that issues which arise as the year progresses can be considered appropriately.

3.5 Where there are a number of potential items that could be scrutinised in a given year, consideration of what represents the highest priority or area of risk will assist with work programme planning.

3.6 Changes and/or additions to the work programme will need to take account of the resources available to the Committee.

4 List of attached information

4.1 Overview and Scrutiny Committee 2018/19 Work Programme.

5 Background papers, other than published works or those disclosing exempt or confidential information

5.1 None.

6 Published documents referred to in compiling this report

- 6.1 Work Programme 2018/19 Development – report and minutes, Overview and Scrutiny Committee, 14 March 2018.

7 Wards affected

- 7.1 All.

8 Contact information

- 8.1 Laura Wilson
Senior Governance Officer
0115 8764301
laura.wilson@nottinghamcity.gov.uk

DATE	ITEMS
7 November 2018	<p>Discussion with the Portfolio Holder for Leisure and Localities (Councillor Dave Trimble) To consider an update on progress against Council Plan priorities, budget pressures and challenges</p> <p>Crime and Drugs Partnership work to combat youth criminality To look at the work of partners in combatting youth criminality</p> <p>Work Programme To agree the work programme for the remainder of the municipal year</p>
5 December 2018	<p>Discussion with the Portfolio Holder for Housing and Planning (Councillor Jane Urquhart) To consider an update on progress against Council Plan priorities, budget pressures and challenges</p> <p>Crime and Drugs Partnership work to combat youth criminality To look at the work of partners in combatting youth criminality</p> <p>Work Programme To agree the work programme for the remainder of the municipal year</p>
9 January 2019	<p>Discussion with the Deputy Leader/Portfolio Holder for Finance, Resources and Commercial Services (Councillor Graham Chapman) To consider an update on progress against Council Plan priorities, budget pressures and challenges</p> <p>Policing in Nottingham To look at the work of Nottinghamshire Police in combatting crime in the city</p> <p>Work Programme To agree the work programme for the remainder of the municipal year</p>

<p>6 February 2019</p>	<p>Discussion with the Portfolio Holder for Energy and Environment (Councillor Sally Longford) To consider an update on progress against Council Plan priorities, budget pressures and challenges</p> <p>House building To look at progress in achieving the target number of properties that need to be built in the city</p> <p>Work Programme To agree the work programme for the remainder of the municipal year</p>
<p>6 March 2019</p>	<p>Credit Unions To explore how the Council interacts with them, the benefits of using them and whether they are an effective way of addressing the increasing use of payday lenders</p> <p>Property Asset Register To look at the strategic approach to managing property assets</p> <p>Work Programme 2019/20 Development To discuss the work programme for 2019/20</p>