

Social Security Advisory Committee

**Minutes of the meeting held in room 5.21/5.22
Caxton House, Tothill Street, London, SW1H 9NA**

Members: Paul Gray (Chair)
John Andrews
Rachael Badger
John Ditch
Colin Godbold
Chris Goulden
Gráinne McKeever
Matthew Oakley
Seyi Obakin
Judith Paterson

Apologies: Adele Baumgardt
Jim McCormick

Guests and Officials: See Annex A

1. Private Session

[RESERVED ITEM]

2. Universal Credit Evaluation: update

2.1 The Chair welcomed Graeme Connor (Deputy Director, UC Analysis Division, Ross James (Deputy Director, UC Labour Market Transformation; and Test and Learn) and Alison Herrington (G6, UC Analysis) to the meeting. The Committee had invited them to the meeting to report on the progress of the evaluation of Universal Credit (UC) as the programme of rolling it out across the country continued.

2.2 Introducing the item, Officials noted that the incremental introduction of UC had enabled an extensive programme of evaluation to be developed alongside it. The Department had adopted a 'test and learn' approach with the overall aim of ensuring the safe delivery of UC. There were several strands to the evaluation programme: a formal evaluation of its impact, commissioned research into discrete areas of benefit provision and administration, specific in-house research and testing and trialling. At the same time analysts had used 'rapid evidence assessments' to pull together relevant data and evidence from various sources to provide a basis for a greater level of understanding about a particular issue. Separate teams were dedicated to analysing the data gathered as a result of the evaluation programme.

2.3 The entire evaluation programme had been advised by a team of national and international experts and the various technical and methodological approaches used within the programme had been subject to peer review by other independent experts. So far a lot of in-house research had gone into effective ways of training staff and communicating the changes both to staff and to claimants. Much of the effort to date had gone into producing a robust evidence base to inform the roll-out of the Live Service; as the Full Service started to take precedence, so the emphasis would accordingly shift to developing a similar evidence base.

2.4 Officials explained that in the process of evaluating the UC service, the Department had employed over 40 different tests and trials, ranging from small-scale tests of new approaches at individual sites, to fully randomised control tests and nationwide trials. Claimants and DWP staff, in agreeing to be interviewed, had also contributed to the process through sharing their own comments and opinions.

2.5 As far as identifying the effects of UC was concerned, new UC claims made in the first 10 Pathfinder offices between July 2013 and September 2014 were eight percentage points more likely to have been employed during the first nine months following their claim compared with matched JSA claims made in similar areas during the same period. That meant 71 per cent of UC claimants had been employed at some point during the first nine months after their claim, compared with 63 per cent of JSA claimants. Evidence also found that UC claimants spent more time looking for work when out of work, and spent more time looking for increased hours or wages when in work. As the data provided by RTI expands so DWP intended to conduct further and more detailed analysis. The research further showed that although people's knowledge of the rules and principles of UC were limited, the awareness of the personal requirements set out in the claimant commitment and the implications of failing to comply with them were more generally understood. In the light of that understanding, the Department was looking again at the welcome pack for new claimants coming on to UC and adjusting some of the content.

2.6 The in-work progression randomised control trial (RCT) was introduced to test the positive effect of applying conditionality to claimants on low-incomes, helping them increase earnings and alleviate possible household poverty. The RCT was launched as a proof of concept in April 2015 in ten Jobcentre Plus sites and national roll-out started in December 2015. Claimants were being progressively recruited into the trial which was expected to reach its full complement of 15,000 participants by the autumn of 2016. At that point the trial was scheduled to run for a minimum of 12 months. On joining the RCT claimants would be allocated to one of three groups on the basis of their national insurance number. Ipsos Mori would also be speaking to participants. An evaluation report would be published in 2018.

2.7 Research and evaluation of the Full Service (digital) was underway with a full programme of user-testing and social research. The social research aspect of the research employed various methods – in-house observations of delivery, interviews

with staff and claimants at the point at which they came off benefit and externally-commissioned claimant surveys. There were also small-scale, detailed studies of particular areas within the UC regime such as the self-employed.

2.8 Officials emphasised that the evaluation approach was based upon a theory of change which proceeded on the basis that improved outcomes were driven by improvements in attitude and behaviour. Organisational change should therefore be geared to improving understanding as well as creating more positive attitudes and generating good behaviours.

2.9 The following main questions were raised by Committee Members in discussion:

- (a) **In relation to the finding that with UC, claimants were more likely to look for work or better remunerated work, had it been possible to do further segmentation, for example on the basis of age or geography where job availability and travel to work issues might be important?**

So far the mainstay of the UC caseload analysed had been young, single claimants without housing costs. As the caseload expanded with more complex cases moving to UC, so the opportunity for greater segmentation would present itself.

- (b) **In visiting live offices, the Committee had been aware that, in general, work coaches had not felt constrained to deal with claimants as quickly as possible and would say that the service they had been able to give as a result had been good. Was that likely to change as more claimants were brought on to UC?**

No, because the time work coaches would spend with a claimant had been defined in the Operational Cost Model.

- (c) **What had been the early findings in relation to the self-employed?**

Numbers of the self-employed on UC (about 50 at the present time) remained too low to provide any meaningful information. The Department was undertaking further work in relation to the self-employed.

- (d) **Where was the Department on reaching an agreement with OGDs, LAs and others on passported benefits?**

There was little to report at the present time, although the impetus for moving forward was likely to increase once families and more complex household units started moving to UC on a larger scale. So far analysis had mainly focused on single UC claimants and passporting did not tend to present an issue in the majority of such awards.

- (e) There were indications that welfare advice services were becoming more involved in providing advice and assistance to claimants recently coming within the scope of the UC live service. Did the Department intend to seek the views of the advice sector within the evaluation programme?**

There had been some input into the programme from the advice sector, but there was possibly scope for more. Officials would send the Committee Secretary details of stakeholders represented within the programme, and would happily seek the help of others if SSAC considered it beneficial to do so.

- (f) Some claimants appeared to be getting muddled messages from DWP staff about what UC would mean for them? Could the Committee see what claimants were being advised in the welcome pack?**

A web-link to the information packs given to claimants coming new to UC would be sent to the Committee. It would include information for both full and live service.

- (g) On the finding that UC claimants were 7-8 per cent more likely to have found work within nine months of claiming the benefit, was there any information on how much of that work would be long-term sustainable employment?**

The figure was based upon any employment spell within the first nine months post claim. A longer time frame would be needed to evaluate the impact on retention. A full programme of evaluation had been planned, including detailed work on UC impacts on labour market outcomes, which would build on that already published. The on-going programme of analysis for the impact evaluation would build on that employed for earlier analysis and so be consistent in its approach to developing the evidence base on 'snap-shot' analysis of impacts on labour market outcomes across different UC claimant populations and services.

- (h) Where did the JSA caseload come from?**

The counterfactual (the comparison group used for the evaluation) was estimated using the outcomes of a comparison group of similar JSA people making an equivalent new claim, at the same time, in similar areas, but who claimed JSA because they were in an area that was not yet included in the UC rollout.

- (i) At an earlier stage Neil Couling (Director General, Universal Credit) had suggested that SSAC could attend the meetings of the UC evaluation expert advisory group. The Minister for Welfare Reform had subsequently indicated that he would be agreeable to that proposition.**

The Committee had been invited to one such meeting - had that proposition lapsed?

The expert advisory group comprised members from across different analytical disciplines, so it might be that different members would be more appropriate for different meetings depending on the agenda. Officials would liaise with the Committee Secretary.

(j) How did the Department demonstrate the impact of its research on UC continuous improvement?

All actions arising from test and learn outputs were agreed through Programme governance, logged and followed up.

(k) How could the Department ensure that information that was gathered and which supported some form of change, would lead to change in fact?

The Department recognised that there was no point in merely gathering information without acting upon it. There were proper governance structures in place to ensure that where action was needed the task was clearly assigned to an appropriate owner. There would therefore be an evidence trail for future reference.

The use of evidence reviews and central planning of the research programme, led by the Department's Chief Analyst, ensured that evidence priorities and gaps were reflected in the wider planning being undertaken by the Department.

2.10 The Chair thanked the officials for attending the meeting, and for addressing the Committee's questions. The Committee would be keen to receive further updates on the progress of the evaluation process as more detailed information was gathered.

3. Transfer of tax credit debt: presentation

3.1 The Chair welcomed the following officials to the meeting: Mike Bond (G7 Fraud, Error and Debt Strategy and Policy Division), Sharon Young (SEO Debt Management), Andy Blackledge (HMRC) and Liz Longden (HMRC). This meeting followed-up a previous session at SSAC's meeting in January when the Committee looked at the draft *Universal Credit (Transitional Provisions) (Amendment) Regulations 2016*. Although the Committee had decided that the legislation could proceed without the need for formal reference, there were nonetheless operational questions concerning the transfer of debt to DWP when tax credits claimants moved on to Universal Credit (UC) which the Committee wanted to explore further.

3.2 In May 2014 Ministers decided that DWP should take accounting responsibility for outstanding tax credits debt when claimants migrated to UC. Since that time, DWP and HMRC had worked together to put the necessary steps in place – including making required IT changes – in order to secure the transfer of debt in individual cases. The agreement put in place was that, once a person claimed UC, any stable tax credits debt owed by that individual would be taken on by DWP. The word ‘stable’ in that context applied when there was no outstanding unresolved appeal or dispute against the debt and that the time limit for requesting a mandatory reconsideration or appeal had elapsed. Even if the claimant subsequently came off UC, responsibility for recovering any outstanding debt would remain with DWP. In such cases, DWP could recover the debt by deduction from other DWP-administered benefits or, in cases where no benefits were in payment, through one of the other tools of recovery available to DWP. The transfer of the debt would also be made even if the UC claim was disallowed. It was the act of claiming UC which, in turn, would generate the issue of a Stop Notice to HMRC in respect of the tax credits award, that would trigger the transfer process. Specifically it would be the verification of identity and the signing of the claimant commitment within the process of making the UC claim that would be the key trigger point.

3.3 The process of transferring the debt in individual cases began in April 2016. The process was being carefully controlled and monitored so that any deficiencies in communicating the required messages to claimants could be identified and rectified at the earliest opportunity. Because the process was just beginning, officials advised that the Committee might find it helpful if a further progress report could be made in 6-9 months’ time when more information should be available.

3.4 Officials advised that both DWP and HMRC had developed a joint communications strategy for claimants affected by the change. Claimants would receive a notification from HMRC informing them of the outstanding balance of their debt and that it was being transferred to DWP. Additionally, a network of ‘single points of contact’ (SPoC) – comprising named officials within UC service centres and HMRC and DWP Debt Management operational teams – had been set up to deal with cross cutting enquiries about debt from claimants. It was considered that having the SPoC network would be of particular help to vulnerable customers. Upon transfer to DWP, the new system of deductions, recently introduced in amending legislation, would commence for UC claimants.

3.5 Officials further advised that both DWP and HMRC made use of private sector debt collection agencies through a cross-Government contract with a company named Indessor. Indessor had been kept informed as to the Government’s intention to transfer tax credits debt to DWP as the UC regime gradually replaced tax credits. There was a maximum amount that could be deducted from a person’s UC payment, depending upon the claimant’s circumstances. Deductions could be made at 15, 25 or 40 per cent of the personal allowance. If a claimant had been overpaid by both HMRC and DWP, a single deduction would be taken at the appropriate rate and then

allocated equally between the two Departments. DWP would also act as agents for local authorities in making deductions for unrecovered overpayments of housing benefit, but that was a different role from that of taking on accounting responsibility for the collection of tax credits debt.

3.6 DWP and HMRC had worked collaboratively to develop a system of forecasting the future debt position of the respective Department as well as for local authorities. At the highest level DWP expected the debt stock to double in value over the course of the next five years, largely as a result of the transfer of tax credits overpayments to DWP from HMRC.

3.7 The following main questions were raised by Committee Members in discussion:

(a) Would having a debt affect an individual's prospects of getting a budgeting advance?

Not directly, although it would be likely that rigorous questions would be asked as to whether the claimant could manage on a reduced income. The Department agreed to consider that question more closely and come back to the Committee outside of the meeting.

(b) What progress had been made by DWP and HMRC on agreeing a joint approach to dealing with hardship, including definitions?

HMRC was undertaking a widespread review of hardship arising from deductions for tax credits overpayments. The review included consideration of aligning HMRC's approach with that of DWP. HMRC would inform SSAC about the outcome of their review.

(c) What happened in tax credits cases where there was joint liability between the claimant and partner but where they had subsequently split up and requested that any tax credits debts were not split between individuals on a 50:50 basis?

The default position was that joint debts would be split 50:50, but should the claimants request a different arrangement, HMRC could adjust the amounts for which each claimant was responsible (subject to agreement by both parties).

(d) If a claimant had a tax credits debt which would reduce with regular deductions from benefit, could there be a disincentive to find work and be subject to a more rigorous method of recovery?

That was an aspect which the Department had begun to evaluate. The transferring of the tax credits debt only began in April and DWP was therefore at the very early stages of analysing the evidence. It might be that the

Department would decide to contact the claimant when the deductions from benefit began. Additionally DWP would look to see whether better signposting would be needed.

(e) How would the SPoC process work?

An agent in Debt Management/UC/HMRC would refer a vulnerable customer to their area's designated person (the SPoC). That SPoC would deal with the claimant and be prepared to handle any query that presented itself. Their main task however would be to seek to minimise the impact upon the claimant through having to deal with multiple departments to answer their query. Any action taken would be recorded on the claimant's record so that any subsequent call from the claimant to the Department would not require the claimant to repeat information already given.

(f) If an in-work claimant above the conditionality threshold incurred benefit deductions which reduced the amount of benefit paid to the claimant, would they drop into a conditionality group?

No. The rule was based upon the overall amount of benefit paid, including benefit paid on the claimant's behalf to a third party.

(g) When would the Department be in a position to share information from the debt forecast?

Work on the development of the forecast was progressing well but there were some significant uncertainties that need to be worked through. It was agreed that the Department would report back to SSAC on an indicative timeframe for when they would be in a position to share the content of the forecast.

(h) Where a debt arose as a result of compliance action taken by Concentrix, who would be responsible for processing the mandatory reconsideration or any dispute against the debt – HMRC or Concentrix?

Concentrix related mandatory reconsiderations were included in the powers delegated by HMRC so claimants' MR requests would go to Concentrix and they would deal with them. If a claimant was not happy with the outcome of the MR request, subsequent appeals would be submitted to HMRC. Concentrix would not deal with overpayment disputes.

3.8 The Chair thanked the officials from both Departments for attending the meeting and responding to the Committee's questions.

4. Private session

[RESERVED ITEM]

5. Current issues/AOB

Date of next meeting

5.1 The next meeting was scheduled to take place on 22 June.

SSAC Stakeholder Event

5.2 The Committee Secretary briefly outlined the arrangements for the Committee's stakeholder event which would take place the following day in Manchester.

Attendees

Guests and Officials

Item 2: Graeme Connor (Deputy Director, UC Analysis Division)
Ross James (Deputy Director, UC Labour Market Transformation; and
Test and Learn)
Alison Herrington (G6, UC Analysis)

Item 3: Mike Bond (G7 Fraud, Error and Debt Strategy and Policy Division)
Sharon Young (SEO Debt Management)
Andy Blackledge (HMRC)
Liz Longden (HMRC)

Observers Nicola Moss (G7 Research Officer – UC Evaluation) *[Items 2 and 3]*

Secretariat: Denise Whitehead (Committee Secretary)
Henry Parkes (Researcher)
Michael Coombs (Assistant Secretary)
Paul Mackrell (Assistant Secretary)