OFFICIAL SENSITIVE

To: UC Programme Board Members
From: Graeme Connor
Sponsor: 
Author: 
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UC Quarterly Analytical Update

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TUC Quarterly Analytical Update: September 2016
Universal Credit Analysis Division (UCAD)

WHAT'S NEW THIS QUARTER?

This Quarterly Analytical Update presents the latest evidence and analysis on Universal Credit (Full Service and Live Service), conducted across UC Analysis Division. It highlights statistics, data analysis and evaluation findings; evidence-based recommendations; and examples of action being taken in response by the Programme.

Highlights for this quarter include:

- Early findings from UC Live and Full Service on the behaviour and culture of customers during the first Assessment Period (AP) - See page 2.
  - 40% of first UC awards payments are manual compared with 25% of all UC awards possibly reflecting delays in getting all the relevant evidence to pay automatically.
  - In April 2016 around 90% of Live Service claims and just under 70% of Full Service received UC within the expected time to first payment of around 5 or 6 weeks. Work is underway to determine the causes and identify how to improve
  - 80% of new All Work Related Requirements (AWRR) claims in April 2016 served Waiting Days.

- In Full Service, around a third of first APs have the RTI indicator set late (after the AP end date) meaning the UC award can not be automatically tapered for earnings.

- Changes in entitlements in Full Service - around 20-30% of all entitlements (childcare, housing, limited capability for work etc.) come after the first AP.

- Deductions from UC awards due to arrears are most common in 2nd AP

DETAILED ANALYSIS THIS QUARTER

TRIALLING THE FULL SERVICE - LATEST UCFS STATISTICS...

- 712 jobcentres are delivering the live service, of those 112 are also accepting claims for couples and families in addition to single people; and
- 24 jobcentres delivering the full service
- Following a short pause, phase 2 of the roll out will commence in October when we expand into around another 20 Jobcentres. From there on in it's around five jobcentres a month in the first half of next year before ramping up to around 30, then 50, then 60 jobcentres a month.

LATEST UC LIVE SERVICE STATISTICS...
The number of starts made to UC Live Service was 37,640 in July 2016 as roll-out extended to cover the remaining Jobcentre Plus offices (this compares to 34,500 starts in April 2016). There are now over a quarter of a million people on UC Live Service (303,839 people as of 14th July).

**Early findings from UC Live and Full Service on the behaviour and culture of customers during the first Assessment Period (AP)...**

**Manual Payments:** We know that consistently, about 25% of UC payments are made manually, bypassing the Payment Manager system (PMX) and the automated payment process.

However, first UC award payments are around 40% more likely to be made manually than second or subsequent awards.

UCAD analysis of manual payments carried out in January 2016 found the following to be significant drivers of manual payments:

- Being in receipt of the Housing element of UC. Particularly if there is outstanding housing evidence;
- Being self-employed or needing to self-report earnings (less likely to be a factor in the first AP for Live Service);
- Outstanding Camlile Tasks. Only 12% of Asps with no outstanding Tasks are paid manually compared to 33% of those with one or more, and 67% of those with 5 or more.

**Late Payments:** Looking at claims which were made in April 2016 our analysis found:

Around 90% of Live Service claims have the expected time to first payment of around 5 or 6 weeks. While some of the remaining 10% can be explained by the inadequacies of the data, there does appear to be some small issue with the timeliness of award payments in UC Live Service.

Less than 70% of Full Service claims had the expected time to first payment of around 5 or 6 weeks, suggesting that there could be an issue with the timeliness of award payments in UC Full Service, however we need to examine data over a number of months and take into account recent improvement activity before we can draw firm conclusions.

On both Services, the relative proportions of claims that have a time to first payment of 5 weeks and those that have a time to first payment of 6 weeks are roughly in line with what we would expect given the proportion of new claims serving Waiting Days on each Service.

Work to understand what is driving delays is being undertaken by Victoria Street, but from their initial look at a handful of delayed cases, claim complexity, housing evidence, self-employment earnings, backdating and HRTs appear to be associated with them.
**Waiting Days:** Waiting Days, introduced to UC in August '15, delay the UC entitlement of all new claims with a claimant in the All Work Related Requirements (AWRR) conditionality group (by 7 days, unless the claimant has an exception (such as being recently in receipt of legacy benefits, or a member of a vulnerable group). Around 97% of UC Live Service claims are AWRR claims. The points below all relate to UC Live Service; work is ongoing to answer the analogous questions for UC Full Service.

80% of new AWRR claims in April '16 served Waiting Days.

99% of Waiting Days exceptions in April '16 are recorded as being due to the claimant recently being in receipt of a legacy benefit. This is in line with the point above and the fact that around 1 in 5 new claims to UC Live Service are for claimants who were recently in receipt of either JSA or ESA.

System issues surrounding Waiting Days resulted in over 20% of AWRR claims made between August '15 and March '16 being overpaid by 7 days, but these issues were fixed at the beginning of April '16.

The proportion of new UC claims that receive a New Claim Advance has remained around 40% since April '15, and does not appear to have significantly increased as a result of the introduction of Waiting Days.

AWRR claims serving Waiting Days are actually less likely to receive a New Claim Advance than those who are not (42% with a New Claim Advance vs. 46%). This is likely due to claimants migrating from legacy benefits (who will have a Waiting Days exception) having more difficulty transitioning to monthly payments.

**RTI Indicator not set in Full Service:** Once a UC claimant comes onto UC, an RTI link has to be set up to start getting the earnings information for UC claimants. This is fundamental for relevant UC awards. Analysis shows that there can be a delay in this RTI link being set up, and it may miss the first Assessment Period (AP) entirely meaning earnings in the first AP can't be used to taper the award appropriately.

This can cause issues for UC claimants, including: Cash flow issues; Non-relevant UC awards; notional gains and losses.

**Changes in entitlements in Full Service:** Changes to UC entitlements are taking place after the first UC Full Service Assessment Period. Approximately 20 to 30% of all entitlements come after the first AP. Therefore it is taking time for some UC claimants to get access to various monetary benefits via UC entitlements; it is not clear whether this delay is driven by: Customer uncertainty with respect to the UC elements customers are entitled to; Delays in entitlement validation by DWP.
agents (particularly the housing element). Entitlements looked at: Housing; Disabled child; Childcare; Carer; Limited capability for work

The chart below represents the housing element portion of this issue. There are particular concerns that as housing is a complex entitlement (and a large proportion of UC Full Service claimants will get this element), validation is taking longer than AP1 (please note this is currently very early analysis on FS; the methodology needs to be refined and developed in line with Live Service Housing analysis).

LS Performance Indicator: It takes 40 to 45 days to process a housing claim and around 7 in 10 of housing claims are paid in the first AP. This indicates some problems with evidencing housing claims in the first AP.

Live Service – Setting up Housing Payments: The Housing MI dashboard contains some metrics on setting up Housing payments:

The second measure is the proportion paid housing of those who declare they have housing costs when submitting their claim. Inevitably there are people who declare themselves eligible who are not, so this measure would never reach 100%, nevertheless it provides some indication of the problems with evidencing housing claims in the first AP.

Arrears: Data suggests arrears are more prevalent early in a UC claim. The Expanded Gateway Survey of single UC claimants found that in Wave 1 (questioned around 6 weeks after the claim), 48% of UC claimants were in arrears. By Wave 2 (3 months later), the proportion of UC claimants in arrears had reduced to 33%. Some of this reduction may be due to the maximum deduction for arrears being higher in UC. Results from the families’ survey are expected autumn 2016.

An article from Social Housing suggests this is due to the wait until first payment. Qualitative evidence suggests an additional cause: that claimants do not always understand that they are responsible for paying their rent.

Deductions from UC awards due to arrears are most common in the 2nd AP. Although not conclusive, we would expect deductions in the first AP to relate to pre-existing arrears, with increases in the second AP arising since claiming UC.

Payment period when deductions for housing costs commence

ANALYSIS OF ‘TO DO’s CREATED IN UC FULL SERVICE

UCAD have been working with the Operational Control Centre and UC Programme to help them anticipate future
workload as Full Service is rolled out to additional Jobcentres. They have produced initial analysis showing the number of 'To Do's created by each Jobcentre, and those created in each Assessment Period, and their next step will be to look at how these vary by claimant type.

UC EVIDENCE SPRINTS...

Work has now begun on the next set of UC evidence sprints...

The UC evidence sprints - an evidence building and sharing exercise that seeks to maximise the use of existing evidence, both in Live and Full Service, ensuring that the on-going expansion of UC is supported by a robust evidence base – continue apace.

The sprints aim to develop evidence based recommendations for change. This ensures that the sprints continue to provide robust evidence at the right time, to support safe and secure delivery of UC.

Since the last update we have undertaken an evidence sprint on Sanctions. Although we have built Work Coach capability so they have the skills, knowledge and behaviours to be able to identify reasonable requirements, tailor appropriately and apply sanctions where needed, we wanted to get underneath:

- Work Coach behaviours in identifying, auctioning and following sanctions process; line management support and structures including quality assurance to identify performance improvements; the understanding of the conditionality and sanctions regimes by Account Developers and Decision Makers; Compliance with the process; Claimant preparation: understanding the purpose and impact of sanctions; are sanctions being applied against legislation and being applied consistently and for every regime.

In summary the evidence sprint looked to answer the following question(s):

'What do staff understand about the sanctions policy and process and how efficiently and effectively are they applying it?'

A wide range of evidence was gathered to help answer the key question, through Go Look Sees, Full Service and Live Service research (qualitative and quantitative studies with staff and claimants), Quality Frameworks and data, Documentation i.e. L&D and guidance and interrogating additional MI/data where available.

SANCTIONS ANALYSIS

This analysis has highlighted a couple of potential issues which warrant further analysis:

- The average length of time between the claimant breaking a condition of their claim and a sanction being applied is estimated to be over 40 calendar days in Live Service. This is currently much shorter in Full Service (under 20 calendar days), although in around 10% of cases it took over 35 days.

- The length of time that claimants receiving low level sanctions take to re-comply with the conditions of their claim is relatively high in some cases (as measured by the length of the open-ended period recorded for the sanction).
The next scheduled sprint, currently underway, is looking at Vulnerable Claimants. We want to understand how vulnerable claimants are identified at the earliest point during the UC journey and once identified how and what support we offer/provide, whether internally or externally, that ensures the journey is tailored to the individuals needs.

There are a whole host of vulnerable characteristics/issues an individual may be faced with i.e. homelessness, prison leaver, care leaver, mental health condition etc.

The sprint will aim to cover and gather evidence on the journey as a whole i.e. how do we identify a vulnerable claimant - regardless of their circumstance - although, the support offered/provided will need to tailored to the individuals circumstance.

A forward look of sprints for the next six months is to be agreed and we are hoping to have some time before the next sprint starts to reflect on evidence we have so far gathered and how this may inform and help with the future sprints.

The next Quarterly Note will be produced in December. It will include self-employment analysis and an update on the vulnerable claimants evidence sprint......

CONTACT
For further information on the Universal Credit evidence base please contact