# THE PUBLIC INTEREST CASE FOR SHARING UNIVERSAL CREDIT DATA

## Councils use data to proactively support low-income and vulnerable households

In order to better fulfil their **statutory responsibilities**, local authorities need to identify low-income and vulnerable households, target relevant support, and track its impact.

Many local authorities use administrative data to do this, specifically Housing Benefit (HB) and council tax support (CTS) datasets. They hold detailed information on household circumstances, including income and earnings, which is used to pay out over £27bn in Housing Benefit and council tax support each year.

However, Housing Benefit data is gradually reducing in scope and utility as households migrate to Universal Credit, which replaces Housing Benefit amongst other benefits and credits. When migration to Universal Credit (UC) is complete, local authorities will hold little or no HB data on working-age citizens.

While DWP shares data on around half the Universal Credit cohort to help councils to administer council tax support, the government should take the initiative and make all Universal Credit data available to local authorities, so they can maintain and enhance effective public services for their residents.

## How councils use benefits data today

Local authorities deliver a range of services and benefits, many of which are linked to receipt of a social security benefit. Where a person applies for one of these services or benefits, the local authority may need to confirm details of their income, including any social security payments.

Sections 131(1) and 131(3) of the Social Security (Information-sharing in relation to Welfare Services etc.) Regulations 2012 enable the Department for Work and Pensions to supply social security information to local authorities and others for prescribed purposes, and enable local authorities and others who hold relevant information to use or share that information for prescribed purposes. The main purposes are:

- Support for people affected by new benefit rules: identifying people likely to be affected by **changes in social security benefit rules**, who may as a result need some help or support
- Local assistance for vulnerable people: assessing need and eligibility for **discretionary housing payments, local welfare schemes,** and **council tax support** payments
- **Providing homelessness services** including both statutory and non-statutory services, and **preventative support** to provide advice and assistance to people at risk of becoming homeless
- Assessing support for disabled people, including **Blue Badge**, the disabled facilities grant and both residential and non-residential **(social) care**
- Identifying and supporting vulnerable people, specifically for the **troubled families programme**, and monitoring outcomes for those facing multiple disadvantages who may require support to help improve their lives

The prescribed purposes outlined above provide the legal gateways for sharing and using administrative data. Together with new and emerging analytical tools, they enable local authorities to identify underpayments, potential overpayments and target proactive support to improve the financial welfare of their residents.

## Universal Credit data can double councils' visibility of low-income households

Housing Benefit data means that councils currently have visibility over about two-thirds of the Universal Credit cohort (covering about a quarter to one-third of all families within a local authority).

However, with no action, councils will lose visibility over working-age households as Housing Benefit is withdrawn from local authorities for working age households and people are moved onto Universal Credit.

Councils will receive Universal Credit data on some households, specifically those that are eligible for and express an interest in council tax support. This covers only around half of the Universal Credit cohort.

If all Universal Credit data were released to councils, their visibility over low-income and vulnerable families would double.

### The current process for Universal Credit data

For each household that expresses an interest in council tax support when they make their Universal Credit claim, local authorities receive benefit notifications from DWP ('End of HB claim' and 'New UC claim') through the UC Data-Share Manager. These notifications include basic data on Universal Credit and the council's interest is 'flagged' on the Universal Credit claim.

Additional Universal Credit data is provided to the local authority when UC is paid or when there is a change of circumstances. This data is used primarily to assess the CTR claim. Some of the UC data provided by DWP is discarded automatically by their software providers, giving councils a more limited ability to use this data for the purposes described above. When the claimant stops receiving council tax support, the flag on the Universal Credit claim is removed and the data-flow stops.

It is clear that by sharing information on all households on Universal Credit, councils will have much greater visibility of low-income and vulnerable households. This will enable councils to better meet their statutory responsibilities, as well as lower costs to DWP and other government departments.

### The value of local authorities' access to administrative data

The DWP uses data every day to pay billions of pounds to millions of people. The justified focus on payments is so great that the department barely scratches the surface on the myriad of other ways in which they and others could use administrative data to the benefit of society, and in particular to help vulnerable people.

Additional uses by DWP are typically limited to chasing arrears, detecting fraud and providing official statistics. Councils and other departments are ideally placed to use this data innovatively to help people and to meet their own statutory obligations.

The current data-sharing arrangements do not make it possible for councils to:

- Identify vulnerable families affected by the Benefit Cap (unless they qualify for council tax support), because the data is not easily accessible to councils

- Identify all households affected by changes to social security rules, e.g. families affected by the two-child limit to benefits who do not claim council tax support. It is the cumulative impact of all changes that councils need to consider
- Support all families potentially at risk of homelessness, by combining Universal Credit data with information on arrears, overpayments and deductions, to drive the most appropriate interventions
- Identify vulnerable children living in families facing multiple disadvantages, and use this data to better understand the drivers of vulnerability
- Identify all households who are not getting the help they may be eligible for e.g. council tax support, Pension Credit, passported benefits or social tariffs.

Councils need DWP to share the full Universal Credit dataset for the existing prescribed purposes, to enable them to better meet their statutory responsibilities, deliver more cost-effective public service and drive improved outcomes for residents.

## How councils use existing administrative data; which they risk losing

Councils including Cornwall, Luton, Greenwich, Newcastle and Barking and Dagenham use current Housing Benefit and council tax support data to help them to meet their statutory duties, and to drive the innovative use of data to improve outcomes within the prescribed purposes set out in the legislation.

### Councils statutory responsibilities include:

- Supporting vulnerable adults (Care Act / Social Services and Well-being (Wales) Act 2014)
- The prevention and relief of homelessness (Homelessness Reduction Act 2017)
- Council tax support and other benefits administration
- Promoting economic growth and regeneration (a range of duties including housing, transport, skills, schooling and planning)

## Use cases across central and local government

Cornwall Council uses benefits data to proactively engage vulnerable households who are in need, but who are not aware of their eligibility for discretionary support.

*"4 in 5 households who are eligible for a DHP and clearly in need still do not apply"*

Luton and Newcastle councils were selected by MHCLG as trailblazer councils to use administrative data to prevent homelessness:

*"We can identify households already in arrears and at risk of homelessness, and offer them proactive and tailored support"*

Royal Borough of Greenwich Council uses administrative data to identify families impacted negatively by planned benefit changes to ensure they are getting all of the support they are eligible for:

*"We use the data to engage people, we assess eligibility for lower cost utility tariffs, and show them the impact of moving into work or onto Universal Credit. In some cases we have helped people to access tens of thousands of pounds in backdated support"*

Perhaps the biggest opportunity is to use administrative data to track the cumulative impact of policy and the effectiveness of alternative intervention strategies. This approach can offer core lessons which can be shared among all stakeholders as a public good. Distributed and shared learnings will drive innovation to improve households' wellbeing within a framework of managed benefits expenditure.

*"We know that benefit capped families are (23%) more likely to move into work than similar households, but for every child whose parents move into work as a result of the cap, eight children are left closer to destitution, stuck on the cap for six months or more."*

As the number of UC claimants increases over the coming years, the scope of administrative data available to local councils is set to decrease to the detriment of low-income households and to the overarching national objective of cost effective and innovative welfare delivery.

In addition, there are a number of powerful use cases across central government, for example, the Cabinet Office is working with key stakeholders to develop a financial vulnerability indicator, greatly enhanced by administrative data. This would allow the government to track the impact of different approaches to debt enforcement on levels of arrears and other social outcomes, including health and homelessness.

The Children's Commissioner believes that central and local government should be doing more to use administrative data to better understand the drivers of vulnerability in children, and to proactively use administrative data to help families. This would help:

- To identify vulnerable children, including those put at greater risk as a result of cumulative reforms to the benefit system
- To identify the drivers of vulnerability, by linking this data on a pseudo-anonymised basis to other datasets, such as information on children in care, or those at risk of being in care
- To prevent vulnerability, through longitudinal analysis that can help to identify what types of intervention are most effective at preventing children from moving into care

Administrative data can also be used to drive direct savings to central government. For example, Universal Credit data could be used to automatically assess and administer £2bn in council tax support, reducing administration costs from £400m today to an estimated £40m in future[1].

The potential for Universal Credit data to drive better policy and operational delivery makes it critical for the future of social policy.

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[1] Authors' estimates based on an average cost per claim of £167 per claim (CIPFA) for 2.4m claimants per annum (IFS). Central government contribution toward these costs has fallen to £66m per annum.

## The business case for sharing administrative data is compelling

There is a sound business case for DWP to make all household-level Universal Credit administrative data available to local authorities.

For local authorities, the **strategic case** is based on making better use of scarce resources as well as facilitating compliance with legislation. Good quality data on household composition and income is essential for developing a coherent strategy for regeneration and growth.  It is also vital for the increased emphasis on prevention, for example the Homelessness Reduction Act requires local authorities not only to support people who are homeless but also to identify and support people who are at risk of becoming homeless.

For central government, the strategic fit is equally wide-ranging: helping with the implementation of Universal Credit (particularly managed migration and take-up); facilitating wider government objectives such as reducing homelessness; and reducing benefit expenditure as a result of more effective prevention work by local authorities.

The **economic case** is compelling, built on direct cashable savings through both savings in administration (DEL) and savings in benefit expenditure (AME).

**Administrative savings** can be achieved in a number of ways:

- Reducing the cost of subsidies paid to local authorities by MCHLG by automating the processes involved in the calculation of council tax support
- Reducing telephone traffic and footfall by people in crisis, because more queries are dealt with by councils, and because  better data allows the identification of potentially vulnerable claimants before they get into difficulty
- Reducing error through more comprehensive data-matching by local authorities to reduce the cost of benefit overpayments (£3.8bn in 2017/18).

Using Universal Credit data alongside other sources of data in local authorities will result in **cost avoidance savings**, for example by reducing councils' reliance on temporary accommodation by better enabling their duties under the Homelessness Reduction Act. Better use of data will also lead to an increased **take-up** of benefits, such as council tax support, with this additional cost offset by reduced arrears and improved outcomes, e.g. for those in debt, helping to deliver on the intent of the support.

The **infrastructure** for transmitting data to local authorities already exists, so any additional ongoing costs would primarily be for increased volumes rather than any new IT requirements. This is expected to be dwarfed by the cashable savings achieved through more efficient benefits administration.

There is a strong cross-departmental interest in the success of this initiative, since the wider benefits of securely opening up the flow of administrative data across government, and into local councils that have the need and motivation to deliver innovative solutions, are likely to be considerably greater than the case outlined above.

## Conclusion: why councils need Universal Credit data

The coming months represent a crucial time for the future of our welfare system, as millions of families on low-incomes make a Universal Credit claim for the first time.

It is at this time that local authorities, with an obligation to provide support, will lose vital data on vulnerable low-income residents, currently collected via Housing Benefit administrative data. Universal Credit data could unlock the more efficient use of public funds, by identifying levels of need and enabling proactively targeted and tailored support for the benefit of all parties.

The loss of administrative data would not only undermine local authorities' ability to fulfil their statutory duties but may well result in higher costs to the public in the form of higher demand for temporary accommodation, increasing levels of indebtedness and a less effective use of public resources. It is imperative that no grounds are given for the introduction of Universal Credit to be attacked as a regressive step.

Data on around half of all Universal Credit claimants is already being shared with councils, in part to mitigate against these concerns. Councils want DWP to share the full Universal Credit dataset for the existing prescribed purposes.

The government has a duty to show leadership, and enable councils and other government departments to better meet their statutory responsibilities, deliver more cost-effective public service and drive improved outcomes for residents.

It is impossible to fully determine the potential that administrative data holds to improve social policy. The opportunities to unlock the full potential of Universal Credit, through opening up the dynamic data it holds, should be taken as an immediate step toward fully realising its potential as a poverty fighting initiative.