

Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 27 February 2024

AC

Subject:

Universal Credit

Summary statement:

Universal Credit has been gradually implemented nationally and was first introduced in the Bradford District in 2015. The roll out of Universal Credit is now 71% complete locally.

The Department for Work and Pensions (DWP) forecast that the roll-out of Universal Credit for most working-age claimants will be completed by March 2025 and will enable this to happen more quickly through a process of Managed Migration.

This report examines the progress of, and plans for, the full roll out of Universal Credit and the implications for residents and the council.

EQUALITY & DIVERSITY:

There are no Equality and Diversity issues for the council arising from the implementation of Universal Credit as a national government scheme; however, any national policy decisions about Universal Credit impact on the residents of Bradford district hugely.

The provision of support to low-income households detailed in this report, including the Council Tax Reduction scheme, supports the council's equality duty to support low-income households.

Joanne Hyde
Strategic Director, Corporate Resources

Portfolio:
Leader of Council

Report Contact: Caroline Lee
Phone (07811) 088655
E-mail: Caroline.Lee1@bradford.gov.uk

Overview & Scrutiny Area:
Corporate

1. SUMMARY

- 1.1. Around 6 million people currently receive Universal Credit nationally, and in April 2023, the government started their expansion process to move another 2.5 million people from legacy benefits to Universal Credit. Universal Credit (UC) has been gradually implemented nationally since it was first introduced in the Bradford District in 2017. The roll out of Universal Credit is now 71% complete locally.
- 1.2. The DWP forecast that the roll-out of UC for working-age claimants, nationally, will be completed by 2025 and will enable this to happen more quickly through a process of Managed Migration. In the 2022 Autumn Statement, the Chancellor announced that this timescale would not include those households that were in receipt of Employment and Support Allowance only.
- 1.3. This report examines the progress of, and plans for, the full roll out of UC and the implications for residents and the council.

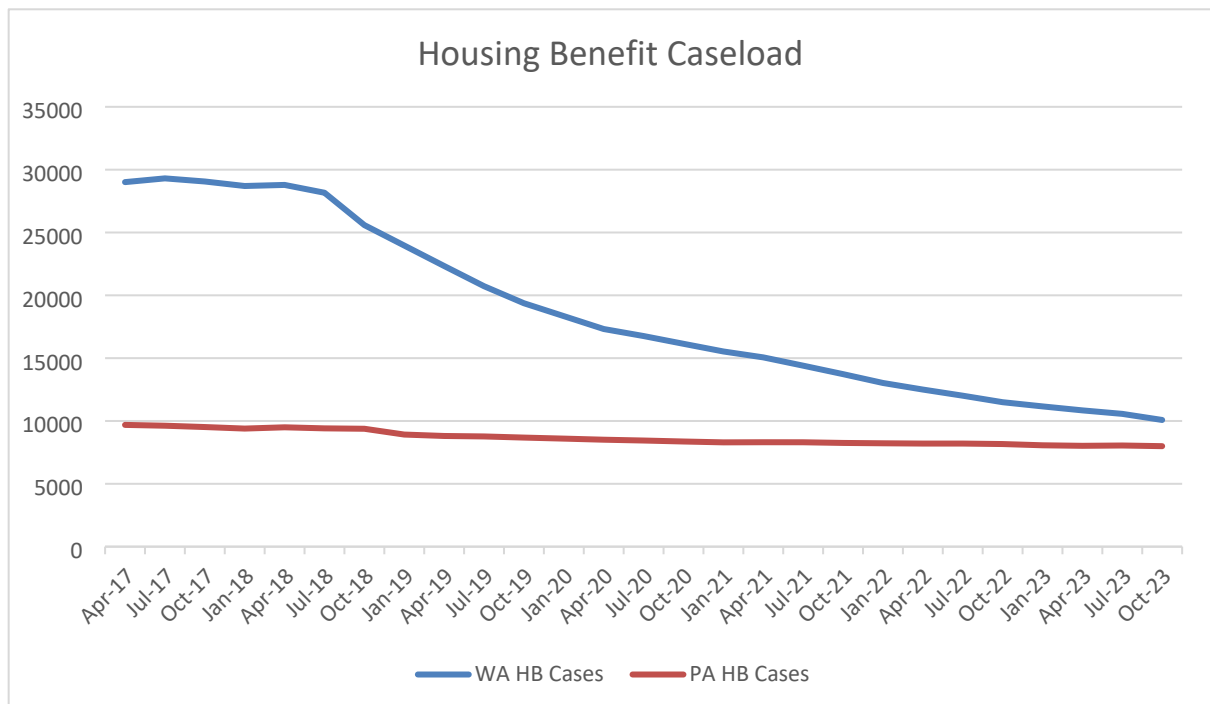
2. BACKGROUND

- 2.1 UC is a benefit that is administered by the Department for Work and Pensions (DWP) and is a means tested benefit for those of working age to help with living costs. It supports those on low incomes including those in work, out of work or unable to work because of a disability. UC is claimed online. Payment is made once a month into a bank, building society or credit union account. The payment can include money to help with rent or other housing costs. UC was designed to replace 6 schemes (known as legacy benefits). These are:
 - Income-based Jobseekers Allowance
 - Income-related Employment and Support Allowance
 - Income Support
 - Working Tax Credit
 - Child Tax Credit
 - Housing Benefit
- 2.2 Given the complexity of managing the transition to UC as part of a large-scale project to transform working age benefits, the Government gradually rolled out UC across the country from 2013 and it was introduced in the Bradford District in November 2015. The system is now well established both locally and nationally.
- 2.3 Eligibility to claim UC has gradually expanded since it was first introduced, so that it now includes all working-age benefit claimants, except for those living in Supported Exempt and Temporary Accommodation. Those still in receipt of legacy benefits continue to claim them unless they have a change of circumstances that either requires them to claim UC, a process known as Natural Migration, or the change of circumstances mean they no longer qualify for the legacy benefit; for example, taking up employment.
- 2.4 The government intended to slowly roll out UC through this process of Natural Migration and then move to a faster system of transition to UC for those of working age through a process known as Managed Migration. Managed Migration is the process of identifying eligible claimants in an area, appropriately supporting them

through their claim and calculating any transitional protection that they may be eligible for. The programme of Managed Migration is due to complete by the end of 2024/25.

2.5 As residents in the Bradford District have naturally migrated to UC, they no longer claim housing costs through Housing Benefit. Housing Benefit is administered by the council on behalf of the DWP. Table 1 sets out how Housing Benefit caseloads have reduced since the introduction of UC. When UC was first introduced in November 2015, there were just over 30,000 working-age Housing Benefit claimants, the working-age caseload as at the end of November was 10,081 (latest available data). This is due to the migration of existing claims to UC and because those making new claims for help with housing costs are directed to UC and cannot claim Housing Benefit. Housing Benefit is still payable for those of pension age and for those in temporary and supported accommodation of working age.

Table 1: Housing Benefit caseloads



3 OTHER CONSIDERATIONS

Progress of Universal Credit roll-out

3.1 The number of households across the Bradford District claiming UC has slightly increased, from 64,706 in October 2022 to 71,136 in October 2023. Nationally in August 2023, there were 5.2m households in payment on UC. However, there remains 1.8m households claiming legacy benefits and tax credits who have yet to move over to UC.

- 3.2 It should be noted that not all of those in receipt of UC are out of work, and some are not currently required to look for work, for example because they have a very young child. Of the 71,136 currently in receipt of UC, 18,782 are in work and 52,342 are not in work.
- 3.3 The number of UC claimants exceeds the number of those still claiming legacy benefits. Table 2 below shows the UC and legacy benefit claimant counts, by Parliamentary Constituency as of August 2023, (the latest available data). 76% of working age benefit claimants in the district now receive help with their housing costs through UC with overall roll out of UC now 71% complete. This compares with UC roll out of 73% in Yorkshire and The Humber and 74% across Great Britain.

Table 2: Breakdown of UC and Legacy benefit by Parliamentary Constituency

		Total	Housing Costs
Bradford East	UC	16,255	8473
	Legacy	6,166	2610
	% UC	72%	76%
Bradford South	UC	13,074	7323
	Legacy	4,742	2338
	% UC	73%	76%
Bradford West	UC	16,327	7681
	Legacy	6,446	2837
	% UC	72%	73%
Keighley	UC	7,627	4425
	Legacy	5,157	1350
	% UC	71%	77%
Shipley	UC	5,910	3511
	Legacy	2,177	1183
	% UC	73%	75%
District Totals	UC	59,193	31413
	Legacy	24,688	10318
	Total	83,881	41371
	% UC	71%	76%

NB: The breakdowns by Parliamentary Constituency are provided for information and reflect how roll-out data is published nationally. The differences between constituencies are not meaningful.

- 3.4 As of November 2023, the Claimant Count (the number of people claiming benefit principally for the reason of being unemployed) in the Bradford District was 22,395. There were 4,915 claimants under 25 and 4,240 claimants over 50. The Claimant Count figure combines the number of people claiming Job Seekers Allowance and

UC. This equates to 6.6% of the working- age population (those aged 16-64). This is significantly higher than the rate for Yorkshire and the Humber (4.1%) and for Great Britain (3.7%).

- 3.5 The strategy to transition people to Universal Credit has three “tracks” of migration, natural, voluntary, and managed migration.

Natural migration

Since the start of UC rollout, when a legacy claimant experiences a change in circumstances (e.g. a change in employment status or family situation), they need to make a new claim for a benefit that UC has replaced, and they will naturally migrate to UC.

Voluntary Migration

- 3.6 Legacy benefit claimants can choose to voluntarily move over to UC. The government estimate that 1.4 million households would be better off if they moved to UC straightaway. The complexity of the legacy benefits system means it can be difficult for people to see and compare their overall entitlements. The DWP have worked to help potential UC claimants determine their best option by signposting to benefit calculators, independent welfare advice and via a communications campaign to raise awareness. It is an important decision for a claimant to make, as if entitlement is higher under UC, it makes sense to move over sooner than later. However, if entitlement would be lower, it is best to wait until Managed Migration when transitional protection applies, and the claimant retains the same entitlement at the point they move. No transitional protection applies to Voluntary Migration and once an application to UC is made, there is no gateway back to legacy benefits.

Managed Migration

The government remains committed to completing the migration of those on legacy benefits through Managed Migration by the end of 2024/25. For those claimants who do not choose to migrate voluntarily nor have migrated naturally, the Council will need to manage their migration to UC. It is recognised that claimants’ confidence, experience, and trust in the benefit system will vary. That is why the managed migration track will also be underpinned by a customer-focused approach with effective processes and systems to move people across safely. This includes:

- gathering data on the different circumstances of legacy benefits claimants
- designing the processes and tools to calculate both UC entitlement and transitional protection (where applicable), then paying the correct award.
- assessing and providing the different levels of support required to make a successful claim.
- considering how best to notify claimants about their move,
- understanding the different challenges claimants may face after making their claim to UC and the support they need.

- 3.8 Around 800,00 Employment and Support Allowance (ESA) cases nationally will remain after 2024/25 with the Managed Migration of these cases being delayed until 2028/29. The Chancellor confirmed the delay in Managed Migration of ESA cases in the Autumn Statement 2022.

- 3.9 Managed Migration plans involve issuing a Migration Notice to a claimant advising them that to continue receiving financial support, they must claim UC by the

deadline which will be 3 months from the date the letter was issued. The Migration Notice will signpost claimants to specific pages on Gov.uk where they can find more information or claim UC and to a dedicated helpline where they can access support to make a claim. A claimant will receive reminders during the 3 months' notice period.

- 3.10 When a notified person makes a claim to UC before the deadline date, they will be asked to verify their identity and other details and their legacy benefits will be terminated. Claimants will also receive transitional protection if their entitlement reduces because of the move to UC. If a person does not claim before the deadline date, their legacy benefits will be terminated. For those claimants who have their benefits terminated, if they make a claim within one month of their benefits being terminated, their claim will be backdated to their deadline date, and they will still receive transitional protection.

Transitional Protection

- 3.11 The government will provide transitional protection for those who are moved onto UC through the managed migration process. Transitional protection does not apply to those who naturally or voluntarily migrate. This means those eligible households with a lower calculated award in UC than their legacy benefits awards will see no difference in their entitlement at the point they are moved to UC, provided there is no change in their circumstances during the migration process. The transitional protection element will erode over time with increases in UC elements - excluding the childcare costs element - and will stop with certain changes of circumstances.

Implications for the council

- 3.12 The Council Tax Reduction scheme (CTR) is administered by the council. This scheme provides means tested support by way of a reduction in the amount of Council Tax payable by low-income households. The number of CTR Claimants in December 2023 is set out below:

Table 3: Council Tax Reduction caseload

	CTR as at Dec 2022	CTR as at Dec 2023
Council Tax Reduction Pension Age	14,060	13,805
Council Tax Reduction Working Age	29,198 (of which 20,961 cases are in receipt of UC)	28,981 (of which 22,313 cases are in receipt of UC)
Total	43,258	42,786

- 3.13 Administration processes and IT systems allow the Benefits team to calculate Housing Benefit and CTR at the same time creating some efficiencies in processing. Now that natural migration moves the responsibility of managing claims for help with housing costs from the council (who administer HB claims) to the DWP (who administer UC claims), CTR claims need to be calculated by the council separately for those of working age (pensioner HB and CTR claims are still assessed jointly). Changes to UC entitlement are calculated each month by the DWP as UC entitlement is calculated in real time. This means that each change, including very minor changes in circumstances, are notified to the council by the DWP and can

result in multiple recalculations of CTR entitlement throughout the year. This is resource heavy and consequently the need to automate some of the changes in UC entitlement is a priority for 2024/25.

- 3.14 Additional burdens over the course of Natural Migration also include DWP initiatives aimed at reducing error and data cleansing the HB system such as the Housing Benefit Award Accuracy Initiative (HBAAI) It also includes the on-going administration of more complex Housing Benefit cases such as those for claimants in Supported Exempt and Temporary Accommodation which will remain the responsibility of the Local Authority.
- 3.15 Claimants of Pension Age cannot claim UC and will continue to claim Housing Benefit to help with their housing costs. The government has announced plans to create a new housing element of Pension Credit, ultimately replacing pensioner Housing Benefit. However, the intended date for this change has been postponed in the past and is now intended to take effect in 2028-2029. As at the end of November 2023, there were 7,996 pension-age Housing Benefit claimants.

Table 4: Housing Benefit caseload

Housing Benefit as at November 2022		Housing Benefit as at November 2023
Housing Benefit Pension Age	8,139	7,996
Housing Benefit Working Age	11,336	10,001
Total	19,475	18,077

- 3.16 The DWP have been issuing migration notices to residents in receipt of Tax Credits only and this is due to be completed by March 2024. In December 2023, the DWP announced a timetable for Managed Migration in 2024/25. The DWP will therefore notify the remaining applicable households of the need to move to UC during this period, which includes residual tax credits cases (including those on both Employment Support Allowance and tax credits and Housing Benefit), all cases on Income Support and Jobseeker’s Allowance (Income Based) and those combined with Housing Benefit and Housing Benefit only cases.(except those Housing Benefit only customers living in Supported or Temporary Accommodation). Migration Notices will be issued to Working Age benefit claimants sequentially starting with Income Support (April–June), Employment Support Allowance with Child tax credits (July – September) and Jobseekers Allowance (September). If a Housing Benefit customer is receiving one of these benefits, they will receive a Migration Notice. From April, those on tax credits with Housing Benefit and then Housing Benefit (only) customers will be invited to move.
- 3.17 The National Audit Office (NAO) is conducting a study on the Department of Work and Pension’s (DWP) progress on the move to Universal Credit, ahead of a report to be published early 2024.

Other support for claimants

- 3.18 Discretionary Housing Payments (DHP) continue to provide those in most need with help with their housing costs. The policy aims regarding awarding a DHP have not changed with the introduction of UC. However, greater flexibility, both in value of awards and the periods of awards, is being used to help UC claimants with rent arrears because of the length of time it takes for them to receive their first payment. As at the end of December 2023, 1,061 UC claimants have received support. Government funding for DHPs is reducing. Bradford's allocation is £847,980 in 2023/24 (the same as 2022/23) down from £1,196,430 in 2021/22 and £1,523,116 in 2020/21.
- 3.19 The council meets the cost of a Fuel Payments Scheme, run in conjunction with participating debt advice services. The scheme provides financial assistance in the form of Fuel Top Ups for those people who have a fuel meter up to a maximum of £98 per year, and payment of the £90 Debt Relief Order administration fee for suitable cases. We have prioritised the payment of Fuel Top Ups to support those who are in immediate need and without a Top Up would be without energy.
- 3.20 The Assisted Purchase Scheme (APS) provided an interest free loan to 1,060 households by the end of December 2023. 90% of the awards this year have been made to claimants of working age. The APS helps applicants obtain essential household goods such as washing machines, beds, and cookers, and offers both new and pre-used items. The amount loaned is based on the applicant's ability to make repayments which are of a nominal weekly or monthly amount. Participating partners include Newlands, British Heart Foundation, CHAS, and Sue Ryder.
- 3.21 Bradford Council assesses applications for Free School Meals (FSM) for the vast majority of schools in the Bradford area and there are currently 29,990 children registered. There are 2 schools who do not use our checking service, so there will be a few more hundred children who are eligible. Currently, children who are on FSM will remain registered for them even if their parents' circumstances change. This is due to transitional arrangements put in place in April 2018 covering the roll out period for UC. The caseload has steadily increased since then and has doubled from April 2018 numbers. The FSM team work closely with schools to ensure take up is high and alert them to new cases. We are proactive in our approach to take up and regularly review our benefits caseload to ensure that families who are not claiming are encouraged to do so. The online application form is quick and simple and gives an immediate answer as to whether families qualify or not.
- 3.22 Free School meal entitlement brings valuable support to children via the pupil premium and schools often use FSM as a passport to other financial help for families such as support with uniform, school trips etc. It has also been used more recently as a passport to provision of the HAF programme (Holiday Activities and Food).
- 3.23 Council Tax Reduction claimants received a £30 payment from the Council Tax Support Fund in 2023/24. This one-off funding was funded by the Department for Levelling Up, Housing and Communities; the fund was designed to support economically vulnerable households. Households in receipt of CTR also received a payment in December 2023; £100 per household with a £40 additional payment for each eligible child.

4 FINANCIAL & RESOURCE APPRAISAL

- 4.1 The working age Housing Benefit caseload will continue to reduce so that by March 2025 (the latest government projection) all working-age claimants will have migrated to UC – except for those living in Supported Exempt and Temporary Accommodation and those in receipt of Employment and Support Allowance, whose transition to UC is now delayed until 2028/29. The administration of Housing Benefit for pension-age claimants will continue until March 2028-29, at which point it is the government's intention to replace pensioner Housing Benefit with a new housing element of Pension Credit. The reduction in caseload has impacted, and will continue to impact, on both the level of resource required to administer Housing Benefit, and the amount of administration funding paid by government.
- 4.2 To date, the working-age Housing Benefit caseload has reduced from around 30,000, when UC was first introduced, to 10,081 in November 2023 (latest available data). Housing Benefit administration has likewise reduced over this period. The council received £2,822,451 of administration funding in 2015/16 which has been steadily reducing and is £1,515,831 for 23-24. This includes funding for pension-age claimants.
- 4.3 We have received the Housing Benefit administration figure for 2024/25 (£1,481,979) which is showing a reduction of 6.7% but understand that there may be some further changes before it is finalised. Proposals for the longer-term implications for staffing are in train and consultation is underway with trade unions and affected staff.

5 RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 The reduction in Housing Benefit administration requirement has been met through vacancy control to date. Plans are in place to manage the reduction in Housing Benefits staffing requirement as the roll out of UC nears completion.
- 5.2 The Household Support Fund has not been extended in 2024/25 and this will place pressure on those on low incomes who have been supported by the fund to date. This includes the Assisted Purchase Scheme and Fuel Top Up scheme as set out in Paragraphs 3.20 and 3.21. Without further external funding, the future of these schemes is in doubt.

6 LEGAL APPRAISAL

- 6.1 The primary legislation enabling the introduction of UC is contained in the Welfare Reform Act 2012.
- 6.2 The council can provide financial support for certain housing costs. The legislation enabling the payment of Discretionary Housing Payments by the council is contained in the Discretionary Financial Assistance Regulations 2001.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

None

7.2 TACKLING THE CLIMATE EMERGENCY IMPLICATIONS

None

7.3 COMMUNITY SAFETY IMPLICATIONS

None

7.4 HUMAN RIGHTS ACT

There are no Human Rights issues for the council arising from the introduction of UC as this is a government scheme.

7.5 TRADE UNION

Revenues Benefits & Customer Services made changes to the staffing structure in 2019. A further process is now underway which will comply with Bradford Council's policies and procedures on Trade Union consultation and workforce change.

7.6 WARD IMPLICATIONS

None

7.7 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A

7.8 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE

Households currently in receipt of Housing Benefit and subject to the benefit cap are likely to be worse off financially when they move to UC. These are, generally, households with children.

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

N/A

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

N/A

10. RECOMMENDATIONS

That Corporate Overview and Scrutiny Committee notes the progress being made in the roll-out of UC in the District.

11. APPENDICES

- None

12. BACKGROUND DOCUMENTS

- CO&SC Report, Universal Credit 9 February 2023
- Completing the move to Universal Credit: Learning from the discovery phase 10 January 2023 DWP