

# **Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 10 February 2022**

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## **Subject:**

Universal Credit

## **Summary statement:**

The scope of Universal Credit has been gradually expanded since it was first introduced, with different household types falling within its scope over time. In the Bradford District, there are now more households in receipt of Universal Credit than the benefits it has replaced.

The DWP forecast that the roll-out of Universal Credit for working-age claimants, nationally, will be completed by March 2025.

This report examines the progress of, and future plans for, the roll out of Universal Credit, the impact of Covid 19, and the arrangements in place to support residents.

## **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 Councils equality duty to support low-income households.

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## **Portfolio:**

**Leader of Council**

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## **Overview & Scrutiny Area:**

**Corporate**

## 1. SUMMARY

- 1.1. The scope of Universal Credit has been gradually expanded since it was first introduced, with different household types falling within its scope over time. In the Bradford District, there are now more households in receipt of Universal Credit than the benefits it has replaced.
- 1.2. The DWP forecast that the roll-out of Universal Credit for working-age claimants, nationally, will be completed by March 2025.
- 1.3. This report examines the progress of, and future plans for, the roll out of Universal Credit, the impact of Covid 19, and the arrangements in place to support residents.

## 2. BACKGROUND

- 2.1. Universal Credit (UC) for working-age claimants has gradually been introduced across the Bradford District since November 2015 (pension-age claimants do not currently fall within the scope of UC). The benefits and tax credits being replaced by Universal Credit, often referred to as “legacy benefits”, are;
  - Income-based Jobseekers Allowance
  - Income-based Employment and Support Allowance
  - Income Support
  - Working Tax Credit
  - Child Tax Credit
  - Housing Benefit
- 2.2. Eligibility to claim UC has gradually expanded since it was first introduced, so that it now includes all working-age benefit claimants, with the exception of those living in Supported Exempt 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 it moves them out of entitlement; for example, taking up employment.
- 2.3. Prior to 2019, a number of different arrangements were in place to help claimants prepare and make a claim for Universal Credit; delivered primarily by Customer Services, and by Citizens Advice and Incommunities on behalf of the Council. From 1 April 2019, Citizens Advice has been contracted by Government to provide support through a national support service – Help to Claim.
- 2.4. Local, and national, arrangements are also in place to help the most vulnerable to adapt and cope with the requirements of UC and the way payments are made, such as; increasing financial and digital literacy and capability, increasing UC payment flexibility, and delivering work experience and work training programmes.
- 2.5. The pandemic has had a significant impact on residents and businesses across the district, leading to a reduction in incomes for many households; resulting in a significant increase in the number of claims for UC. To mitigate the impact on low income households, the government increased the standard allowance in Universal Credit and the basic element in Working Tax Credit by £20 per week, on top of planned annual uprating, from April 2020.

- 2.6. The Government will eventually move any remaining claimants still in receipt of legacy benefits to UC through a process known as Managed Migration. The timing and manner in which Managed Migration is to be implemented is dependent upon the outcome of pilot arrangements to test the approach. The Government is required to pilot 10,000 cases before it rolls out Managed Migration nationally.
- 2.7. This report considers progress on the roll-out of Universal Credit, the impact that Covid-19 has had on residents, and the additional support available to them.

### 3. OTHER CONSIDERATIONS

#### Progress of Universal Credit Roll-out

- 3.1. The number of households across the Bradford District claiming UC increased significantly during the pandemic, from 44,660 in April 2020 to a peak of 64,516 in May 2021; an increase of just over 44%. This growth has been driven by the impact of the pandemic on household incomes (unemployment, the uptake of the furlough scheme or reduced working hours) and existing benefit claimants making a change that requires them to migrate to UC.
- 3.2. There will be some reduction in the number of claimants as the economy recovers and household incomes improve and takes them out of entitlement, but will not reduce to pre-pandemic levels. Those that have migrated to UC from other benefits, or new claimants, will continue to claim UC. The increase in claimant numbers through migration from other benefits and for new claims was expected, but the rate of increase accelerated during the pandemic. The number currently in receipt of UC (November 2021) stands at 63,481.
- 3.3. 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 63,481 currently in receipt of UC, 19,775 are in work and 43,706 are not in work. Table 1, below, provides a breakdown of the work status of UC Claimants by Job Centre

<b>November 2021</b>	<b>Keighley</b>	<b>Eastbrook Court</b>	<b>Westfield House</b>	<b>Total</b>
Preparing for work	457	1350	843	2650
Planning for work	172	754	572	1498
Working (no requirements)	1808	5015	2823	9646
Working (with requirements)	1666	4956	3507	10129
No work requirements	2385	7588	4884	14857
Searching for work	3069	11930	9702	24701
<b>Total</b>	<b>9557</b>	<b>31593</b>	<b>22331</b>	<b>63481</b>

**Table 1**

- 3.4. The number of UC claimants now exceeds the number of those still claiming legacy benefits. Table 1 in Appendix 1 shows the UC and legacy benefit claimant counts, and the provision of help with housing costs, by Parliamentary Constituency as at August 2021. This information is provided for interest only; the differences between constituencies are not meaningful. Around 67% of benefit claimants now receive

help with their housing costs through UC – the impact of this on Housing Benefit administration is discussed at 3.24.

- 3.5. Under UC a broader span of claimants is required to look for work than under Jobseeker's Allowance. At November 2021 there were 26,150 people across the district claiming UC principally for the reason of being unemployed and it this figure that is typically quoted as the Claimant Count Unemployment figure for the district. The figure includes those still claiming the legacy Job Seekers Allowance benefit and those claiming the unemployment-related element of UC. In some cases, claimants are not unemployed but are eligible because of low wages and hours. This is increasingly so as more people are moved onto UC and because of recent changes to UC eligibility as part of the COVID-19 response.
- 3.6. 26,150 people equates to 7.9% of the working-age population (those aged 16-64). The Bradford District unemployment-related claimant count rate is the highest in West Yorkshire and significantly above the rate for the Yorkshire and the Humber (4.9%) and for Great Britain (4.6%). In terms of all local authorities in the UK, Bradford has the 8th highest rate in the country. In terms of city local authorities - the 3rd highest after Birmingham and Wolverhampton.
- 3.7. The unemployment-related claimant count rose by 15,100 between March 2020 and March 2021. This represented an 88% increase compared to a Great Britain increase of 90%. Since peaking in March 2021, the claimant count has fallen by 6,040. Table 2 below shows the claimant count throughout 2020 and 2021.

<b>Date</b>	<b>Bradford</b>	<b>Bradford</b>	<b>Great Britain</b>
	<b>Count</b>	<b>(%)</b>	<b>(%)</b>
March 2020	17,090	5.1	3.0
May 2020	29,865	9.0	6.4
July 2020	30,425	9.1	6.3
September 2020	31,015	9.3	6.4
November 2020	30,810	9.3	6.3
January 2021	30,890	9.3	6.2
March 2021	32,190	9.7	6.4
May 2021	30,480	9.2	5.9
July 2021	29,130	8.8	5.4
September 2021	27,165	8.2	4.9
October 2021	26,600	8.0	4.7
November 2021	26,150	7.9	4.6

**Table 2**

- 3.8. The 18-24 years old claimant count rate at November 2021 was particularly high at 10.7%. It was 7.8% in March 2020 and reached a peak of 15.0% in March 2021. In terms of all local authorities in the UK, Bradford District has the 3rd highest 18-24 years old claimant count rate in the UK. In terms of cities - the 2nd highest after Wolverhampton.

### Changes to UC

- 3.9. The £20 uplift that Government introduced from April 2020 to help low-income households during the pandemic was removed in October 2021. This represents an overall reduction in UC support for low-income households of around £1.2m per week for the Bradford District.
- 3.10. The Government has subsequently made changes to the UC earnings taper and the work allowances to allow households to keep more of what they earn:
- The taper is a reduction in UC based on an individual's earned income. The taper rate sets the amount of benefits a claimant loses for each pound they earn. The Government has reduced the earnings taper from 63% to 55%, with effect from 24 November 2021, so that working households will keep more of every pound they earn
  - The Work Allowances – the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced – has been increased by £500 a year
- 3.11. If a claimant earns more than enough to take their UC entitlement to £0 in an assessment period, any amount over a certain threshold (surplus earnings threshold) is counted as earnings in the next assessment period. The surplus earnings threshold has been temporarily increased to £2,500 until April 2023, after which it will revert back to £300.

### Managed Migration

- 3.12. At some point, the Government will move any remaining claimants still in receipt of legacy benefits to UC, a process known as Managed Migration. Those that are moved to UC through this process will receive protection, subject to any benefit cap that applies. When and how this process will be undertaken is not yet known.
- 3.13. The Government is required to pilot 10,000 cases before it rolls out Managed Migration nationally. A pilot scheme was running in Harrogate but was suspended in March 2020 due to Covid-19. During the live pilot only a handful of cases were migrated to UC. The Government has confirmed that the Harrogate pilot will not be restarted, but is silent on any further pilot arrangements.
- 3.14. The Government has committed to complete the roll-out of UC nationally by March 2025. In the 27 October 2021 Budget, the Government committed £504 million resource and £54 million capital funding to complete the rollout.
- 3.15. The Government has also identified £113 million to support new claimants in making a claim for UC through the Future Support Offer. This funding is for an organisation or organisations to support people who need support to make a new claim for UC, and to maintain their new UC claim up until their first full correct payment. They will also be required to identify claimants with wider issues such as debt, housing etc. and refer them to appropriate support. The support will be provided through accessible telephony and digital channels, including webchat, and will run from 1 April 2022 to 31 March 2023. It is not yet known which organisation or organisations have been successful in their bid(s) to provide this support.

- 3.16. This new service will replace the current Help to Claim service provided through Citizens Advice. The Council has a close working relationship with Citizens Advice to support residents. Customer Services have supported UC claimants directly by providing access to PC's and, where safe and appropriate, assisted people to claim, maintain and access their UC journal. Access to free phones has also been provided so that customers can contact DWP.
- 3.17. The Council is also working in partnership with CAB and has set up a remote access device so that customer/clients can be referred for support with a number of services offered by Citizens Advice via zoom, from the Customer Service Centre; this service is about to be expanded to include Keighley.

### ***Other Matters***

#### **Support for Claimants**

- 3.18. The Council Tax Reduction (CTR) scheme provides means tested support by way of a reduction in the amount of council tax payable by low income households. The number CTR claimants has increased significantly since the start of the pandemic. In March 2020, there were 27,522; by March 2021 this had increased to 32,281. The number of claimants has started to reduce since then, but there were still 31,305 CTR claimants as at the end of October 2021; around 3,800 more than at the start of the pandemic.
- 3.19. The Government has provided funding to support working-age households in receipt of CTR in 2021/22. This funding provides a pro rata reduction in a claimant's liability of up to £100 for the year. It is forecast that there will be £4m less to collect from low income households in 2021/22.
- 3.20. Discretionary Housing Payment (DHP) continues to provide those in most need with help with their housing costs. The policy aims in regard to awarding a DHP haven't 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. By the end of October 2021, 715 UC claimants have received support.
- 3.21. As previously reported, the Council meets the cost of the 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 £80 per year, one off contributions of up to £300 towards fuel arrears, and payment of the £90 Debt Relief Order administration fee for suitable cases.
- 3.22. The Assisted Purchase Scheme provided an interest free loan (328 by the end of October 2021) to help applicants obtain essential furniture or white goods, 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. From November 2021, the scheme was changed to a grant scheme so that eligible residents no

longer have to pay for these essential items. The cost of the scheme is met through use of the Government's Household Support Funding.

- 3.23. The Council has received multiple amounts of funding from the Government to assist people with financial pressures due to Covid – and latterly the Household Support Fund with pressures through winter 2021/22. There have been various stipulations on who the funding could be allocated to and for what purpose – in broad terms it has been for householders with or without children, and was to be used for the purposes of paying for food, fuel, and some essential items. This includes;
- Helping 13,500 families through the school summer holidays with a contribution of £75 per school aged child towards the cost of meals in the form of food vouchers
  - Distributing £500,000 to families with school aged children for the October half term break in food vouchers
  - 46,000 households in receipt of Council Tax Reduction have received the first half of a £50 payment to help with winter fuel bills. The 2nd half of the payment is due to go in early February

#### Help with housing costs

- 3.24. Anyone of working age, with the exception of those living in supported accommodation (3.28), making a new a new claim for help with housing costs must claim UC. Housing Benefit is now only payable to those that have an existing claim, people living in supported accommodation and pension-age claimants.
- 3.25. The working-age housing benefit caseload has reduced as claimants have had a change of circumstances that either requires them to claim UC (a process known as Natural Migration) or took them out of entitlement, for example, because they took up employment. 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 December was 13,270.
- 3.26. The number of households that have a benefit cap applied to their Housing Benefit has also continued to reduce, so that there are now just 194 compared to around 750 at this time in 2019. When the remaining capped cases do move to UC, the cap will be applied in full (not just to the housing cost element) and will see a consequent reduction in their income.
- 3.27. From January 2021, benefit claimants in receipt of the Severe Disability Premium (SDP) can move to UC. The SDP is not a benefit in itself, but rather a premium that exists within other benefits. As at November 2021, there were 303 claimants with a SDP in receipt of Housing Benefit. Those that move to UC from legacy benefits receive transitional protection for the loss of SDP. However, it should be noted that those who receive a SDP only within their Housing Benefit and those claiming benefits for the first time are not eligible for the transitional element.
- 3.28. Many working-age residents in supported accommodation are in the now unique position of having to claim both UC and Housing Benefit. Supported accommodation can be best be described as any housing scheme where housing, support and sometimes care services are provided to help people to live as independently as possible in the community. There are, as at November 2021, around 1,925 working-

age claimants living in supported accommodation across the district: this is a significant increase on 1,300 reported last year.

- 3.29. The Government has yet to make a decision on how help with housing costs will be provided for working-age residents in supported accommodation once Housing Benefit has been phased out.
- 3.30. Currently, the local authority receives subsidy from the DWP towards the cost of Housing Benefit that is paid. Normally this subsidy is 100% of the amount paid but in supported accommodation this subsidy can be less; and any shortfall has to be met by the local authority.
- 3.31. If the landlord is a registered social landlord, the amount of subsidy received is 100% of the benefit award. However, in cases where the landlord is a registered charity or a not for profit organisation the local authority must refer the rent to the Rent Officer. We can receive 100% subsidy up to the Rent Officers valuation but any Housing Benefit paid above that valuation will receive no subsidy or if the claimant falls into a protected group, only partial subsidy. Legislation does not permit us to simply restrict payments at the Rent Officers valuation.
- 3.32. In 2020/21 unsubsidised Housing Benefit for the supported housing sector amounted to £677,085. The amount for financial year 2021/22 at November 2020 was £506,295, and is forecast to be £893,000\* by the end of the year. This shortfall has to be met from Council budget. \*The 2021/22 forecast includes a one-off backdated cost related to the reclassification of some tenancies as Supported Accommodation.
- 3.33. There is a risk that, if the sector continues to expand at the present rate and the expansion is by providers who are not registered social landlords, the cost to the Council will increase. Where the Council are commissioning services it should, where possible, be with a registered provider in order to mitigate financial loss through unsubsidised Housing Benefit.

#### Pension-age Housing Benefit claimants

- 3.34. Currently, pension-age claimants cannot claim UC and 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, replacing pensioner Housing Benefit. As at the end of December 2021, there were 8,240 pension-age Housing Benefit claimants.
- 3.35. This change is intended to take effect in 2025, to align with the full rollout of working-age Housing Benefit into UC; but the expected time frame in which they plan to fully migrate all pension-age Housing Benefit claimants to UC is not yet known.
- 3.36. When the migration of claimants to the new housing element of Pension Credit has been completed, the Council, with the possible exception in the case of those in supported accommodation, will no longer be responsible for the administration of Housing Benefit. The Government has, so far, been silent about what, and when, arrangements will be put into place to help those in supported accommodation with their housing costs.



### Impact on Staffing Resource

- 3.37. The reduction in the working-age Housing Benefit caseload has led to a consequent reduction the number of staff required to process Housing Benefit applications and changes. This reduced resource requirement has been largely off-set by the increase in the number of CTR claimants – changes to UC entitlement are provided to the Council from the DWP as they may also affect CTR entitlement. However, as the economy recovers, the number of CTR claimants would be expected to reduce to pre pandemic levels.
- 3.38. Managing to balance the number of staff required to manage current workloads against a known future of a reduction in requirement is difficult; particularly against a backdrop of the impact and uncertainty of the pandemic. The service has entered into a contract to provide on-demand processing support so that sufficient resource, as and when the need arises, will be available to meet workloads.
- 3.39. In addition to the work associated with the increase in CTR claimants, Benefit Officers have also been re-deployed to administer the Track and Trace Support Payment scheme, which provides £500 to eligible people required to isolate. The scheme is currently set to close on 31/3/22. The on-demand processing arrangement has proved useful, and has been used to cover the work of those Benefit Officers that have been re-deployed to administer the Track and Trace Support Payment scheme.

## **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 – with the possible exception of those living in supported accommodation. The administration of Housing Benefit for pension-age claimants will continue until March 2025, 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. The number of CTR claims increased significantly during 2020, and remains at a level significantly higher than before the start of the pandemic. This has required additional resource to process and maintain existing claims. The need for this resource will reduce as the economy recovers and reliance on UC by low-income families reduces. It should be noted that the increase in CTR claims does not correlate directly to the increase in UC claims. Households with a reduction in income, perhaps because they are furloughed, may become eligible for CTR but are not required to claim UC, and conversely, a household maybe required to claim UC but are not eligible for CTR.
- 4.3. To date, the working-age Housing Benefit caseload has reduced from around 30,000, when UC was first introduced, to 13,700 in November 2021. Housing Benefit

administration has likewise reduced over this period. The Council received £2,070,035 of administration funding in 2017/18, and had fallen to £1,593,296 received for 2021/22. This includes funding for pension-age claimants.

- 4.4. The full, longer-term implications for staffing are not yet known; as these become clearer and better understood, consultation will take place with trade unions and affected staff.
- 4.5. The 2021/22 forecast of £893k for unsubsidised benefit for supported housing includes a one-off backdated cost, estimated to be around £180k, which is related to the reclassification of some tenancies as Supported Accommodation. This reclassification will add around £60k annually to the amount of unsubsidised benefit in future years. In addition, the growth in the number of supported accommodation places presents a risk resulting in increased budget pressure. This should be kept under review during 2021/22.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1. The reduction in Housing Benefit administration requirement has been met through vacancy control; and will continue to be the case until such time as all working-age claimants have been migrated to UC. The extension of the timeline for the roll-out of UC to March 2025 is likely to provide sufficient time to fully manage the reduction in staffing requirement through vacancy control.
- 5.2. The Council will consider the impact on resources once the process and timeline for the migration of pension-age Housing Benefit claimants has been established, and to what extent vacancy control, re-deployment and the use of temporary, external providers, can manage the further reduction in staffing requirement from 2025.
- 5.3. The Trade Unions will be consulted on any proposed changes to staffing should vacancy control prove insufficient.

## **6. LEGAL APPRAISAL**

- 6.1. The primary legislation enabling the introduction of Universal Credit 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 GREENHOUSE GAS EMISSIONS IMPACTS**

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 Universal Credit as this is a Government scheme.

**7.5 TRADE UNION**

The Revenues and Benefits Service made changes to the staffing structure in 2019; including changes made within Benefits administration reflect the impact of Universal Credit on current and expected future workloads. This process complied with Bradford Council's policies and procedures on Trade Union consultation and workforce change. The trade unions will continue to be kept up to date and will be consulted on any further proposed changes to staffing.

**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.

Although not linked directly to the rollout of UC, children have benefitted from Council support for low-income households and from targeted Government funding as set out in 3.18-23 in this report.

**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 Universal Credit in the District

## **11. APPENDICES**

- Appendix 1: Benefit Uptake by Parliamentary Constituency

## **12. BACKGROUND DOCUMENTS**

- CO&SC Report, Universal Credit, 18 March 2021
- CO&SC Report, Universal Credit, 12 March 2020
- Autumn Budget and Spending Review 2021. ISBN 978-1-5286-2957-7
- Constituency Data: Universal Credit rollout, House of Commons Library, 16 November 2021. <https://commonslibrary.parliament.uk/constituency-data-universal-credit-roll-out/>

### Benefit Uptake by Parliamentary Constituency

The latest publicly available figures from DWP relate to the progress of the roll-out of UC, and provision of help with housing costs, as at August 2021. This information is provided for interest only; the differences between constituencies are not meaningful.

		<b>Total</b>	<b>Housing Costs</b>
<b>Bradford East</b>	UC	14850	7671
	Legacy	10612	3589
	%UC	58%	68%
<b>Bradford South</b>	UC	11618	6246
	Legacy	8434	3194
	%UC	58%	66%
<b>Bradford West</b>	UC	15314	7179
	Legacy	11600	3440
	%UC	57%	68%
<b>Keighley</b>	UC	6802	3780
	Legacy	5242	1827
	%UC	56%	67%
<b>Shipley</b>	UC	5449	2966
	Legacy	3651	1545
	%UC	60%	66%
<b>District Totals</b>	UC	39183	20171
	Legacy	28927	10006
	Total	68110	30177
	<b>%UC</b>	<b>58%</b>	<b>67%</b>

**Table 1**

\*Note: components may not sum to totals due to disclosure control in the source data. Data on People on UC are published between two and four months ahead of Households on UC