

Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 9 February 2023

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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 65% 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 future plans for, the 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. 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 65% complete locally.
- 1.2. The DWP forecast that the roll-out of UC for working-age claimants, nationally, will be completed by March 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 Support Allowance only.
- 1.3. This report examines the progress of, and future plans for, the roll out of UC and the implications for residents and the council.

2. BACKGROUND

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:

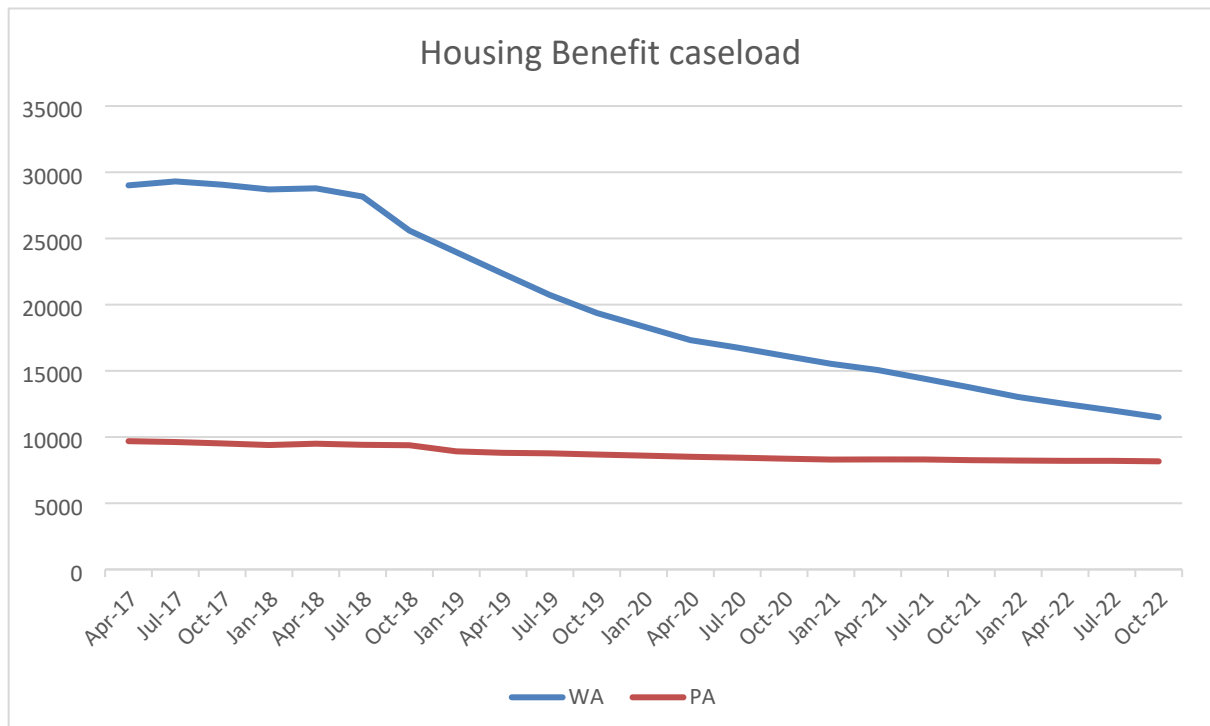
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

- 2.1. 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.
- 2.2. 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 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.
- 2.3. 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 Managed Migration programme was paused during the pandemic and resumed in January 2022. The programme of Managed Migration is due to complete by the end of 2024/25.

- 2.4. 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 11,336. This is due to the migration of existing claims to UC and also 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 64,516 in May 2021 to 64,706 in October 2022. Nationally in August 2022, there were 4.2m households in payment on UC. However, there remains 2.5m 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 64,706 currently in receipt of UC, 19,881 are in work and 44,926 are not in work. Table 2, below, provides a breakdown of the work status of UC claimants by Job Centre.

Table 2: Breakdown of UC claimants by work status/job centre

November 2022	Keighley	Eastbrook Court	Westfield House	Total
Preparing for work	510	1,729	1,085	3,324
Planning for work	172	780	549	1,501
Working (no requirements)	1,830	5,115	2,808	9,753
Working (with requirements)	1,629	4,992	3,507	10,128
No work requirements	3,100	10,029	6,401	19,530
Searching for work	2,759	9,653	8,159	20,571
Total*	9,888	32,302	22,516	64,706

*The total figures are as per DWP statistic releases. Discrepancy in numbers is due to manual interventions in processing UC claims

- 3.3. The number of UC claimants exceeds the number of those still claiming legacy benefits. Table 3 below shows the UC and legacy benefit claimant counts, and the provision of help with housing costs, by Parliamentary Constituency as at August 2022, (the latest available data). 72% of working age benefit claimants in the District now receive help with their housing costs through UC with overall roll out of UC now 65% complete. This compares with UC roll out of 66% in Yorkshire and The Humber and 67% across Great Britain.

Table 3: Breakdown of UC and Legacy benefit by Parliamentary Constituency

		Total	Housing Costs
Bradford East	UC	15,027	8,126
	Legacy	8,035	2,995
	% UC	65%	73%
Bradford South	UC	11,945	6,707
	Legacy	6,465	2,651
	% UC	65%	72%
Bradford West	UC	15,215	7,369
	Legacy	8,625	2,959
	% UC	64%	71%
Keighley	UC	7,027	4,042
	Legacy	4,067	1,518
	% UC	63%	73%
Shipley	UC	5,455	3,225
	Legacy	2,807	1,343
	% UC	66%	71%

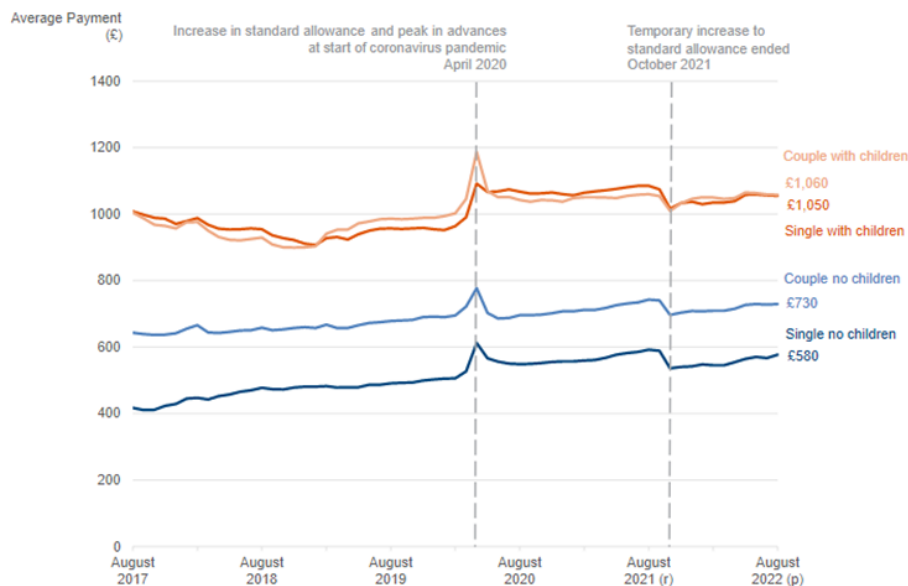
District Totals	UC	54,669	29,469
	Legacy	29,999	11,466
	Total	84,668	40,935
	% UC	65%	72%

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 at December 2022, the Claimant Count (the number of people claiming benefit principally for the reason of being unemployed) in the Bradford District was 22,215. There were 4,570 claimants under 25 and 4,570 claimants over 50. The Claimant Count figure combines the number of people claiming Job Seekers Allowance and UC. This equates to 6.7% of the working-age population (those aged 16-64). This is significantly higher than the rate for Yorkshire and the Humber (4.0%) and for Great Britain (3.7%).
- 3.5. The average UC payment amount was £820 in August 2022. The amount of UC that a household is entitled to is based on the standard allowance and additional elements such as housing or childcare, plus any additional amounts such as an advance or mortgage interest payment. The amount paid to a household may be lower than their entitlement, for example, if a household is being sanctioned, limited by the benefit cap, or earning above the threshold so the taper rate is applied.

Table 4: Average UC payment for households

Average (mean) Universal Credit payment for households with a payment by family type, Great Britain, August 2017 to August 2022



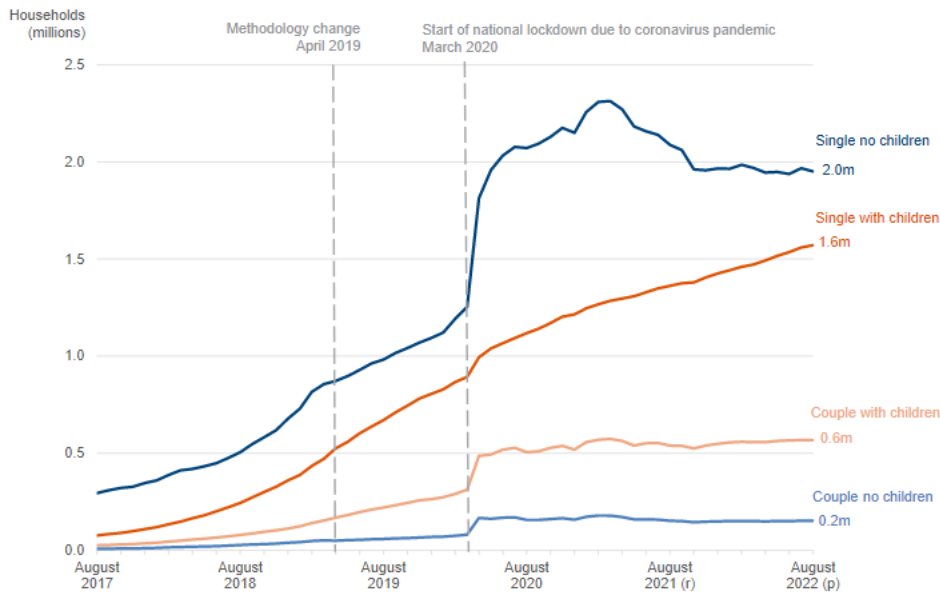
Note: (p) provisional (r) revised since last release.

Source: [DWP Stat-Xplore, Households on Universal Credit](#) with payment indicator by family type

- 3.6. Households with children accounted for 50% of households on UC with a payment in August 2022. For households on UC with a payment there is a long-term upward trend in the proportion that have children. At first, UC was only available to new benefit claimants from individuals with no children who were seeking employment. Over time, UC was made available to people in different circumstances. Also, existing claimants of legacy benefits, such as Child Tax Credit, are being transferred onto UC, usually due to a change in circumstances.

Table 5: Universal Credit by family type

Family type for households with a payment, Great Britain, August 2017 to August 2022



Voluntary Migration

- 3.7. 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.

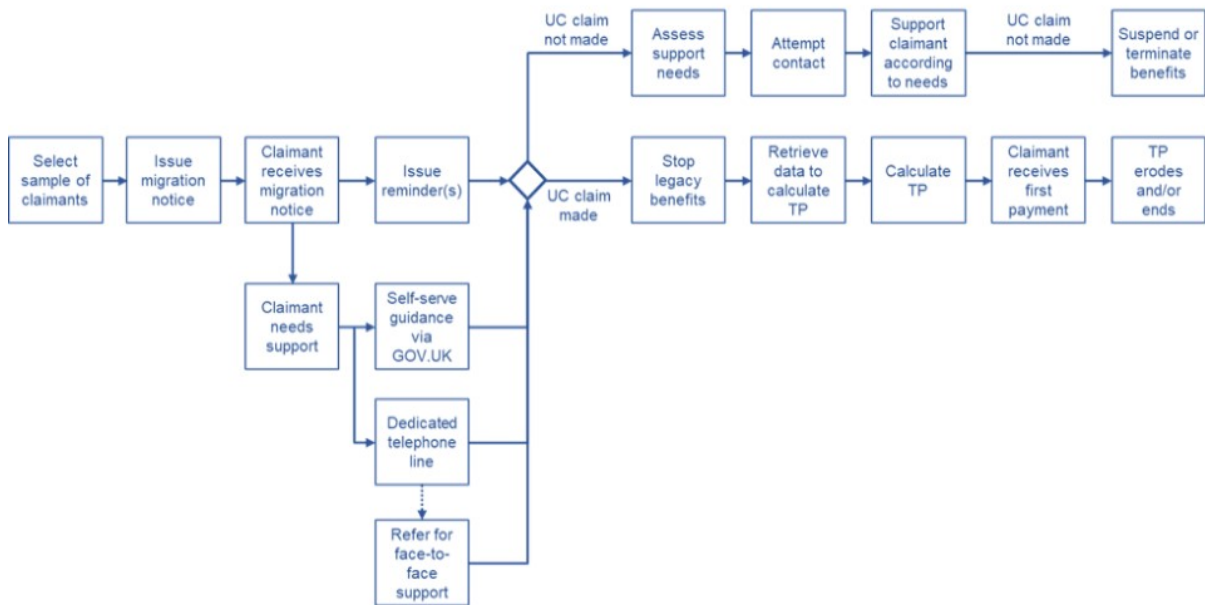
Managed Migration

- 3.8. The government remains committed to completing the migration of those on legacy benefits through Managed Migration by the end of 2024/25. This will include those on Tax Credits (including those on both Employment and Support Allowance and Tax Credits), all cases on Income Support (IS) and Jobseekers Allowance (JSA) and all Housing Benefit (HB) only cases. This will allow His Majesty's Revenues and Customs (HMRC) to close down the tax credit system for those of working age and

for the DWP to close down IS and JSA. In 2023/24, the plan is to move those solely in receipt of Working Tax Credit and Child Tax Credit with the remaining Tax Credit cases (who also receive DWP benefits) and IS, JSA and HB in 2024/25.

- 3.9. 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.
- 3.10. After a pause on Managed Migration plans during the pandemic, the government restarted the preliminary design work in a discovery phase and reported findings in January 2023. The focus of the discovery phase was on how to successfully migrate people to UC. The phrase Managed Migration suggests that all eligible legacy claims in an area would move en bloc but in reality, each claimant will need to make a claim themselves to move to UC. The discovery phase has been carried out with some pilot areas who took part in the first migration migration test (known as the Earliest Testable Service (ETS)) e.g. Bolton, Medway, Cornwall, Harrow and Northumberland. Table 3 below sets out the Managed Migration process that was tested in the ETS cohort.

Table 6: The Managed Migration process for ETS



Source: Completing the move to Universal Credit: Learning from the Discovery Phase January 2023

- 3.11. Managed Migration plans involve issuing a Migration Notice to a claimant advising them that in order 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 month notice period.

- 3.12. 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 as a result of the move to UC. If a person does not claim before the deadline date, their legacy benefits will be terminated. During the pilot period, claimants received a 1 month extension as well as text messages and phone calls to encourage a claim before the extended deadline. Home visits were arranged where appropriate. 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.
- 3.13. The outcome of the discovery phase is that the DWP are confident that most households will be able to make the move and safely transition to UC. Of the 499 Migration Notices that were issued to claimants in the ETS cohort, 439 (88%) made a claim, 7 are yet to make a claim, 2 migration notices were cancelled and 51 claims to legacy benefits were cancelled (49 Tax Credit claims and 2 from other DWP benefits). 50% of those eligible for UC received transitional protection.

Transitional Protection

- 3.14. 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

- 3.15. 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 at December 2022 is set out below:

Table 7: Council Tax Reduction caseload

Council Tax Reduction as at Dec 2022	
Council Tax Reduction Pension Age	14,060
Council Tax Reduction Working Age	29,198 (of which 20,961 cases are in receipt of UC)
Total	43,258

- 3.16. 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 reduced resource requirement for administering Housing Benefit claims as a result of Natural Migration has been largely off- set by the increased resource requirement for administering CTR claims.

- 3.17. 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. During the pandemic, the Benefit team also took responsibility for the administration of the government’s Test and Trace Support Payments programme.
- 3.18. 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 2022, there were 8,139 pension-age Housing Benefit claimants.

Table 8: Housing Benefit caseload

Housing Benefit as at November 2022	
Housing Benefit Pension Age	8,139
Housing Benefit Working Age	11,336
Total	19,475

- 3.19. There is no indication to date of a timetable timetable for Managed Migration for the Bradford District or if council resources will be needed or funded to support with managing the transition for residents.

Other support for claimants

- 3.20. Discretionary Housing Payments (DHP) continue to provide those in most need with help with their housing costs. The policy aims in regard to 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 2022, 826 UC claimants have received support. government funding for DHPs is reducing. Bradford’s allocation is £847,980 in 2022/23 down from £1,196,430 in 2021/22 and £1,523,116 in 2020/21.
- 3.21. 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.

- 3.22. The Assisted Purchase Scheme (APS) provided an interest free loan to 1,600 households by the end of December 2022. 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.
- 3.23. Bradford Council assesses applications for Free School Meals (FSM) for the vast majority of schools in the Bradford area and there are currently 28,879 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.
- 3.24. 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).

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 exception of 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 11,336 in November 2022. Housing Benefit administration has likewise reduced over this period. The council received £2,822,451 of administration funding in 2015/16 which had reduced to £1,579,875 in 2022/23 and is due to reduce to £1,515,831 for 23-24. This includes funding for pension-age claimants.

- 4.3. While the reduction for 23-24 is limited and the aim is to manage this within the existing budget, 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.

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 continues to manage the impact on resources of the change over the short and medium term 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 and again in 2028/29
- 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 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 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 UC 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 to reflect the impact of UC 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. More families with children are moving to UC as set out in Paragraph 3.6.

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.

Members may wish to consider changing the scope of future reports to the committee on this subject to include less information on UC which is administered by the Department for Work and Pensions and more on the additional support offered by the council to residents to support with the Cost of Living crisis.

11. APPENDICES

- None

12. BACKGROUND DOCUMENTS

- CO&SC Report, Universal Credit, 18 March 2021
- CO&SC Report, Universal Credit, 10 February 2022
- Autumn Budget and Spending Review 2021. ISBN 978-1-5286-2957-7
- Completing the move to Universal Credit: Learning from the discovery phase 10 January 2023 DWP
- Completing the move to Universal Credit 6 June 2022