

EQUALITY AND SOCIAL JUSTICE BRIEFING

Universal Credit
September 2016



Introduction

Universal Credit is a new benefit for people who are not working or who earn a low income. It brings together the following existing benefits:

- Income-based Jobseeker's Allowance
- Housing Benefit
- Working Tax Credit
- Child Tax Credit
- Income-related Employment and Support Allowance
- Income Support

Key messages for Wales:

- The roll-out of Universal Credit (UC) has taken place over several years, but it is now claimed by people in all local authority areas in Wales.
- Only one Jobcentre Plus in Wales offers UC to couples and families in addition to single jobseekers.
- UC will be a major change for new and existing claimants by the time it is fully rolled-out in 2022, effecting how they claim benefits, how they receive them, how much they are eligible for and the conditions for their eligibility.
- There are almost 18,000 UC claimants in Wales, which is steadily increasing as the roll-out continues.
- There were more than four times as many UC claims open in Wales in August 2016 compared to September 2015.
- Torfaen has the highest percentage of the working age population claiming UC at 1.53%, and Vale of Glamorgan has the lowest rate at 0.48% of the working age population claiming UC.
- Approximately two in every three UC claimants in Wales is a man.
- Just over two-thirds of UC claimants in Wales are aged 16-29.
- Around half of UC claimants have received it for more than six months.
- The majority of UC claimants in Wales are not in employment.
- Over two thirds of UC claimants are either searching for work or are in work but required to take actions to increase their hours and/or earnings.

Roll-out in Wales

Universal Credit is gradually being introduced across the UK. Since March 2016, it has been available to single unemployed claimants in all 62 Jobcentre Plus offices in Wales. It is also offered to families and couples in one office - Shotton.¹ The full roll-out of Universal Credit in the UK is expected to be completed by 2022.

Changes to current system

Universal Credit is different to current benefits in several important respects. It has different payment arrangements, with only one claim per household, and just one

¹ DWP (2016), [Universal Credit: Official Statistics](#)

payment is made, monthly in arrears. Housing organisations in the north of England have already noticed an increase in rent arrears amongst tenants as a result of this change.²

Universal Credit also places additional ‘conditionality’ requirements on claimants, including, for the first time, people who are in work.

Universal Credit applications and change of circumstances are done online by the claimant, prompting concerns about accessibility, the claimant’s experience and skills. UK data from trials for May 2016-June 2016 show that 99.7% of submissions of information were completed by the claimants using the Universal Credit full service online system, although this was only the case for 90% of people recording a change in circumstances.³

Impact on claimants

To date claimants are mainly single jobseekers so it is difficult to get a clear picture of the wider impact of the benefit when it has been fully rolled-out. The Institute for Fiscal Studies (IFS) estimates that Universal Credit will significantly reduce the number of people who face very weak financial incentives to work, although it may increase the disincentive for single parents to work and for couples to have two earners.

IFS has estimated that 2.1 million working households will receive less in benefits under Universal Credit than under the current regime, while 1.8 million will get more. For households where no one is employed, 1 million are expected to get less and 0.5 million will receive a higher amount of benefit.⁴

The Resolution Foundation has estimated that 1.3 million families in the UK will lose out on their entitlement to in-work tax credits as a consequence of UC, and only 200,000 of these families will benefit overall from the National Living Wage and income tax cuts.⁵

Why it matters

Universal Credit is a considerable overhaul of the working-age social security system which will affect around 400,000 people in Wales. The changes affect work incentives, claim and payment methods and the amount of benefit received. These are both opportunities and challenges for a wide range of organisations in Wales, which will need to be prepared to manage them.

This briefing gives a snapshot of Universal Credit claimants in Wales to date to help you understand the changes and inform your decision-making.

² For example, see evidence on rent arrears and tenancy termination in Northern Housing Consortium (2016), *Impact of Universal Credit: Report 1*

³ DWP (2016), *Universal Credit Online Channel Usage*

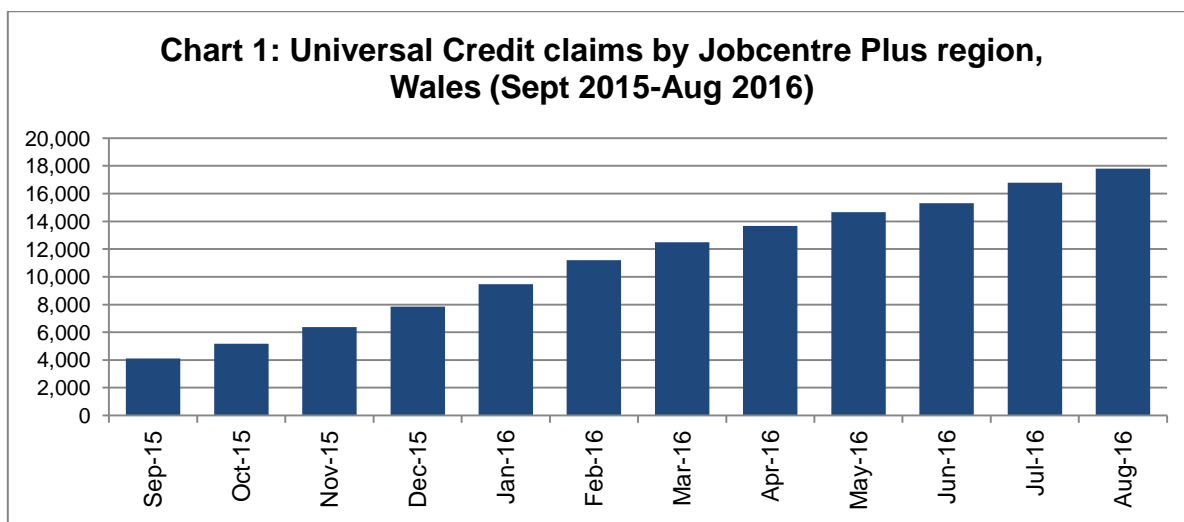
⁴ Institute for Fiscal Studies (2016), *IFS Green Budget 2016*

⁵ Resolution Foundation (2016), *Universal Challenge: Making a success of Universal Credit*

All Claimants

In Wales, 17,797 people were claiming Universal Credit (UC) as of August 2016. The vast majority of claims in Wales are by single people, as only one out of 62 Jobcentre Plus offices accepts claims from couples and families.

Chart 1 illustrates a steady increase in the number of UC claims in Wales over the last year. There were more than four times as many UC claims open in Wales in August 2016 compared to September 2015.



Source: DWP Stat-Xplore (2016), People on Universal Credit

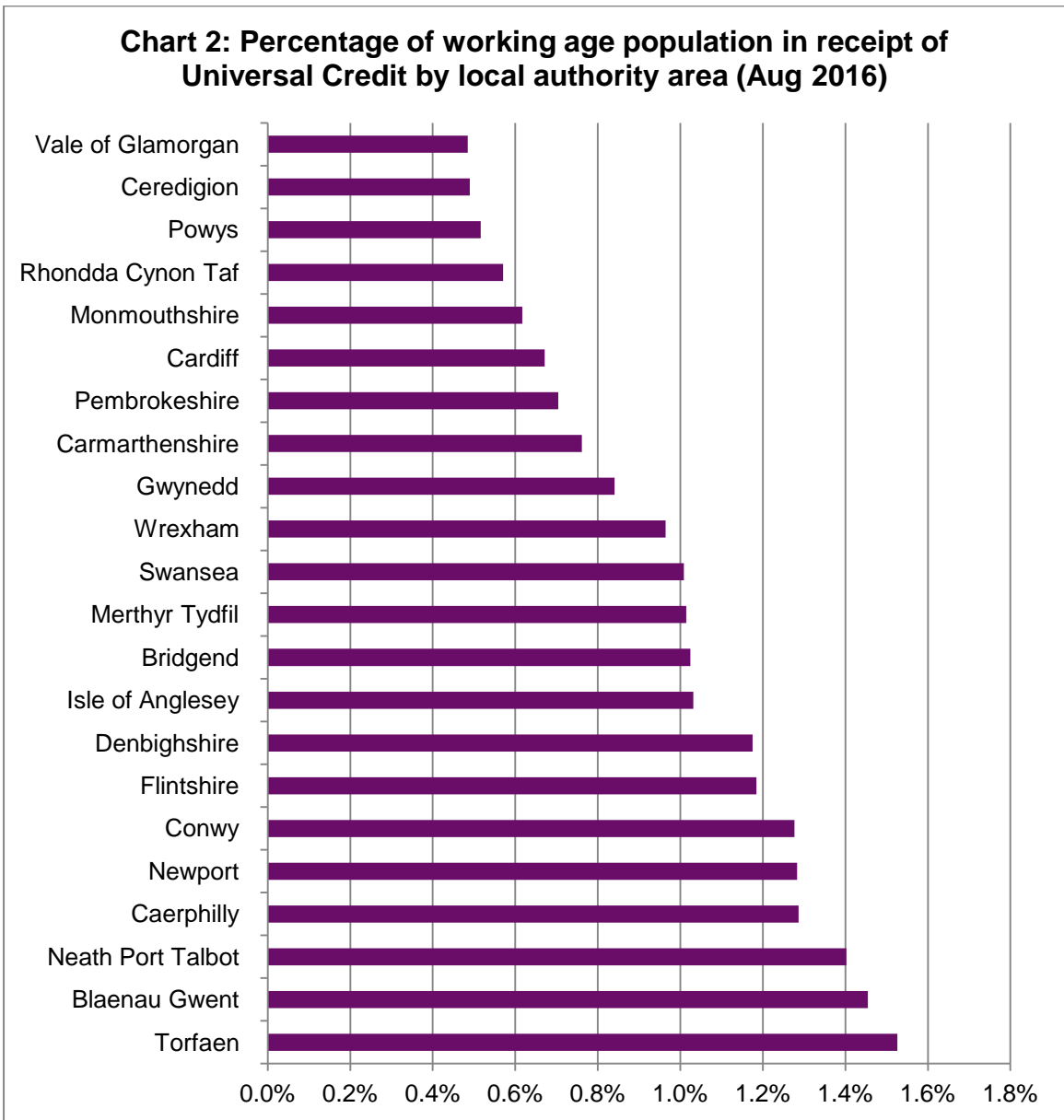
In each month since October 2015 more than 1,000 people have begun to claim UC (Table 1). There has also been a steady number of people whose UC claim has stopped. The Department for Work and Pensions (DWP) does not publish the reasons for claims ending, although it is likely that a considerable number will end because claimants have found work which pays enough to mean that they are no longer eligible for UC.

Table 1: UC by total claims, new starts and estimated 'leavers', Wales (Sept 15-Aug 16)

	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16
Total	4,109	5,171	6,384	7,862	9,474	11,192	12,500	13,667	14,659	15,305	16,779	17,799
New starts	953	1,188	1,523	1,572	2,001	2,167	1,777	1,836	1,442	1,437	2,209	1,926
Estimated 'leavers'	129	126	310	94	389	449	469	669	450	791	735	906

Source: DWP Stat-Xplore (2016), People on Universal Credit

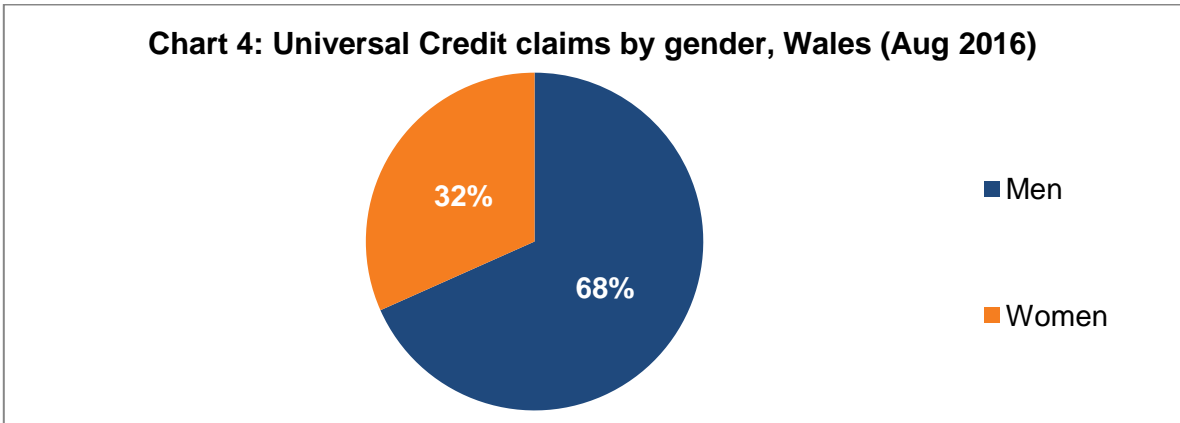
The claimant rate across different local authorities in Wales does not vary a great deal. Torfaen has the highest percentage of the working age population claiming UC at 1.53%, and Vale of Glamorgan has the lowest rate at 0.48% of the working age population claiming UC.



Sources: DWP Stat-Xplore (2016), People on Universal Credit; StatsWales (2016), Population estimates by local authority and age

Gender

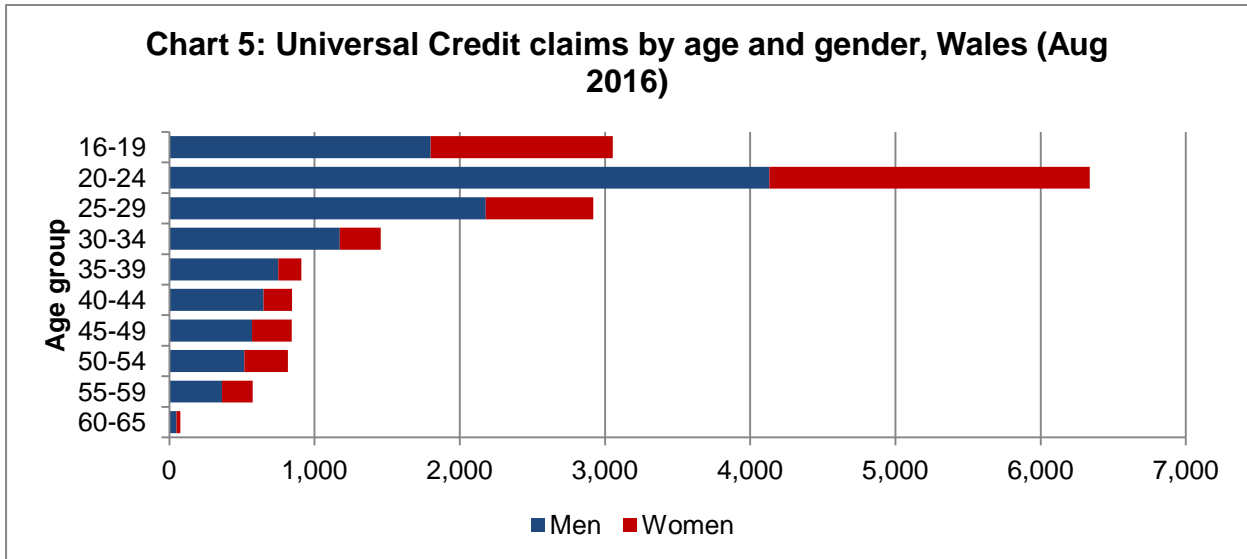
Approximately two thirds (68%) of UC claimants in Wales are men, and 32% are women.



Source: DWP Stat-Xplore (2016), People on Universal Credit

Age

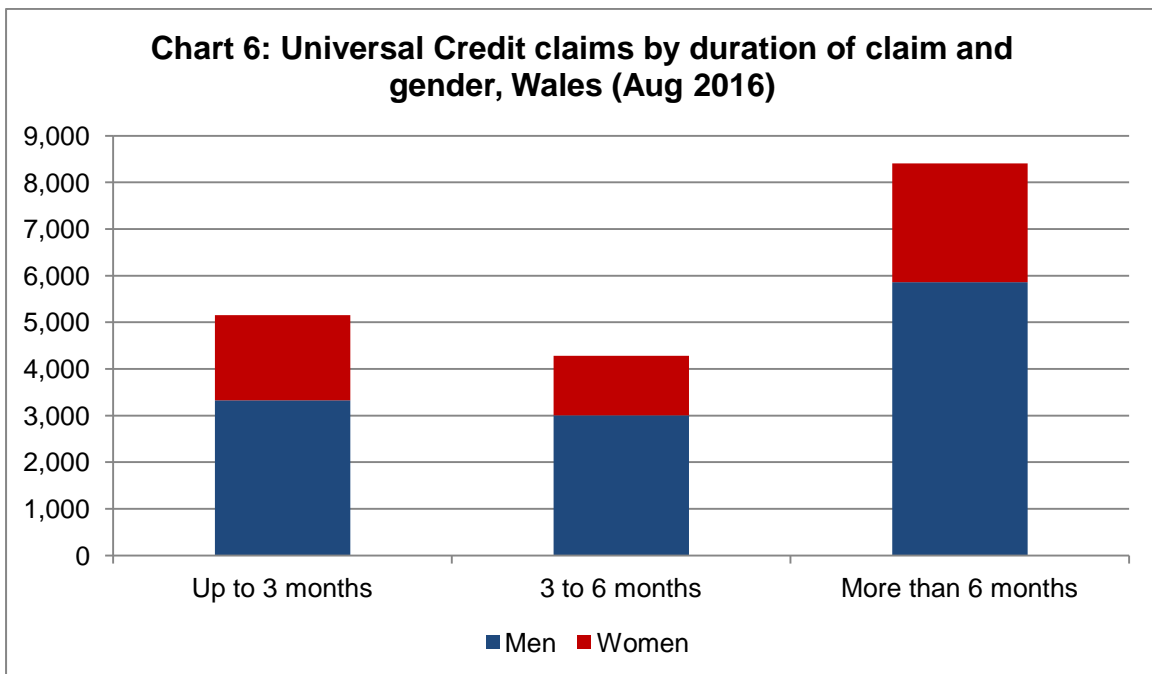
Over two thirds (69%) of UC claimants in Wales are aged 16 to 29, with over half in their twenties. Less than a tenth (8%) of claimants are aged 50 to 65, with under 1% in the 60-65 age group.



Source: DWP Stat-Xplore (2016), People on Universal Credit

Claim Duration

Almost half (47%) of UC claimants in Wales have received it for more than six months, while just under a third have been claiming UC for up to three months.



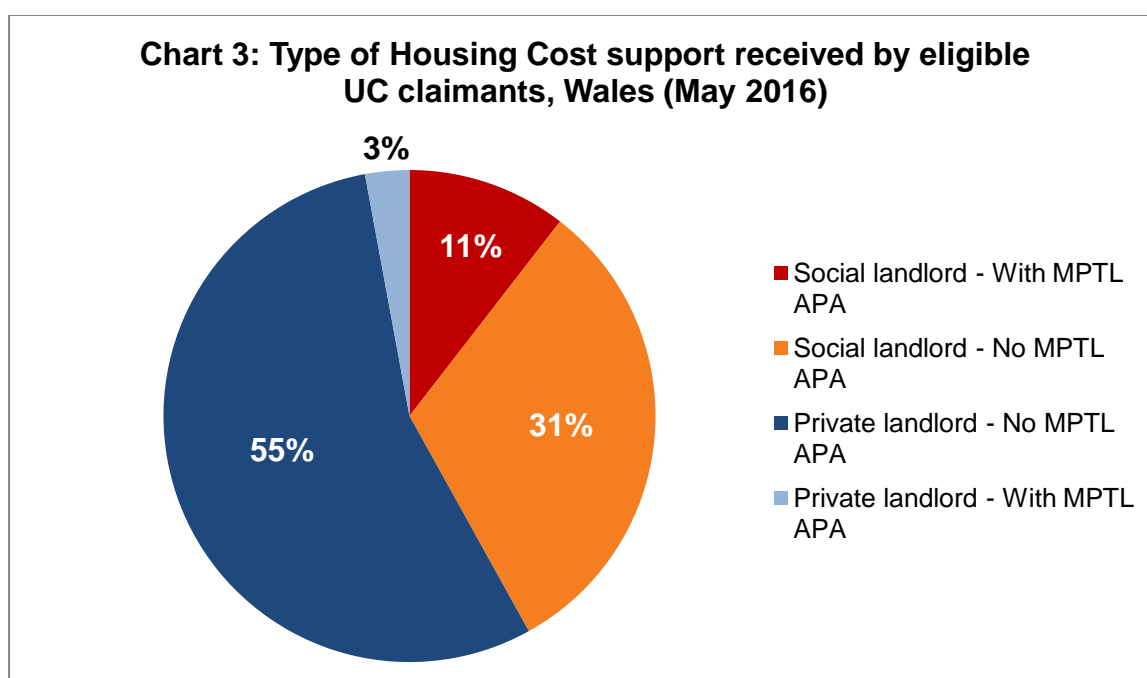
Source: DWP Stat-Xplore (2016), People on Universal Credit

Support with Housing Costs

Approximately a quarter (26%) of UC claimants in Wales received support with their housing costs. Over half of this group are in private rented accommodation.

Normally UC claimants receive support with their housing costs directly as part of their monthly payment, but 13% of those who receive help with their housing costs in Wales (3% of all UC claimants) are eligible for a Managed Payment to Landlord Alternative Pay Arrangement (MPTL APA), so the housing cost support is paid directly to their private or social landlord.

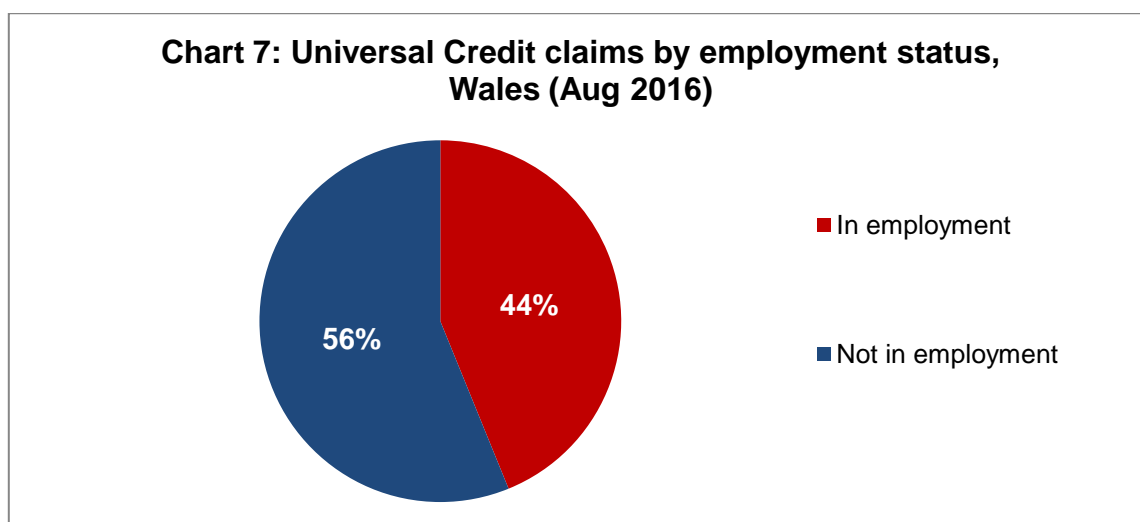
Social tenants are more than three times as likely to have their housing costs paid via an MPTL compared to private tenants in Wales.



Source: DWP (2016), Universal Credit Statistical Ad Hoc: Data on Alternative Payment, Table 2: Universal Credit awards with support for housing costs / MPTL APAs by JCP group, May 2016, Great Britain Arrangements & Table 3: Universal Credit awards with support for housing costs / MPTL APAs by JCP group and landlord type, May 2016, Great Britain

Employment status

For both men and women, a higher proportion of UC claims are currently by those that are not in employment compared to those who are in employment.



Source: DWP Stat-Xplore (2016), People on Universal Credit

Independent analysis of UC claimants for the DWP found that they were 8 percentage points more likely to be in work at some point in the 9 months after their claim start compared to a Jobseekers' Allowance claimant.⁶ No data is available for Wales.

Conditionality regime

As UC covers benefits for people who are working, required to look for work and have no requirement to look for work, the conditionality regime categorises claimants according to the requirements they need to meet to remain eligible for their benefit payment. Table 2 sets out the six different categories of claimants.

Table 2: Conditionality regime for Universal Credit

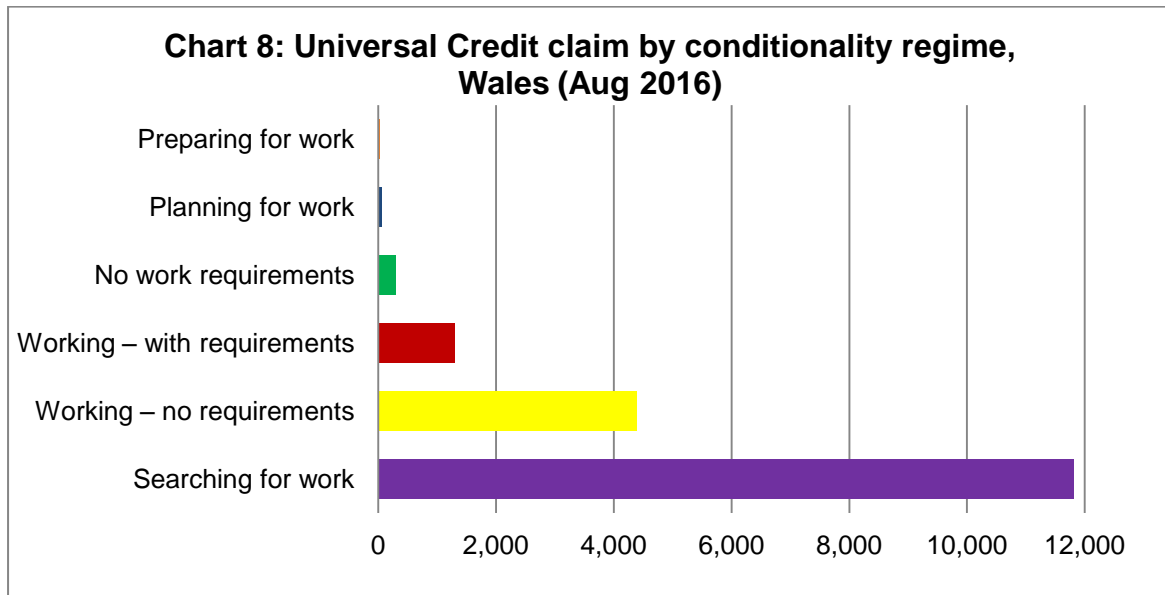
<i>Preparing for work</i>	Expected to start preparing for future work by taking reasonable steps to prepare.
<i>Planning for work</i>	Expected to work in the future - required to attend periodic interviews to plan for their return to work.
<i>No work requirements</i>	Not expected to work at present.
<i>Working – with requirements</i>	In work but could earn more, or not working but has a partner with low earnings.
<i>Working – no requirements</i>	Individual or household earnings over the level at which conditionality applies.
<i>Searching for work</i>	Not working, or with very low earnings. Claimant is required to take action to secure work or more/better paid work.

Source: DWP (2014), [Universal Credit at Work](#)

⁶ Department for Work and Pensions (December 2015), [Estimating the Early Labour Market Impacts of Universal Credit](#)

Chart 8 shows that approximately two thirds of claimants in Wales – 66.2% - are in the ‘searching for work’ group which means that they are not working or working but on a very low income. Less than 2% of UC claimants are not working and are not required to be searching for work.

Approximately a quarter of UC claimants (24.6%) are in work with no requirements, meaning that their income is high enough for them to be subject to no further requirements to increase their working hours or earnings (but low enough that they are still eligible for UC).



Source: DWP Stat-Xplore (2016), People on Universal Credit

Equality and Social Justice Briefings

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145a High Street, Merthyr Tydfil, CF47 8DP

www.bevanfoundation.org

E: info@bevanfoundation.org

T: 01685 350938

Registered charity no. 1104191

Company no. 4175018