

STATE OF WALES BRIEFING

May 2022

Universal Credit



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State of Wales Briefing: Universal Credit

May 2022

What this briefing is about

This briefing explores the latest data on Universal Credit. It sets out to identify who is claiming Universal Credit and the reasons why people claim Universal Credit. It also considers who remains on legacy benefits and will need to be migrated over to Universal Credit.

Why it matters

Universal Credit is a social security benefit that is being rolled out across the UK. It replaces six means tested benefits and tax credits and is intended that all benefit claimants will have been moved onto Universal Credit by the end of 2024. The UK Government has announced that it will restart managed migration onto Universal Credit in May 2022.¹ Understanding the latest data on Universal Credit is vital if we are to understand which benefit claimants are set to be affected by this and to more broadly understand who is supported by the social security system.

Key messages

- 271,707 people were on Universal Credit in Wales as of February 2022.
- Cardiff is the local authority that has the highest number of people on Universal Credit (34,777). Ceredigion is the local authority with the lowest number of people on Universal Credit (4,434).
- The majority of people who are on Universal Credit in Wales are not in work. As of February 2022, 61 per cent of people that were on Universal Credit were not in work.
- There are more women on Universal Credit than men. In total there were 151,089 women on Universal Credit in Wales as of February 2022 and 120,616 men.
- More than four in five households (83 per cent) that are on Universal Credit are single adult households (with and without children).
- Universal Credit rollout is only 59 per cent completed in Wales. As of November 2021 it estimated that 162,460 households remained on legacy benefits.
- There is significant variation as to the progress of the Universal Credit rollout across Wales. In Alyn and Deeside the rollout of Universal Credit is 70 per cent complete. In Ceredigion it is only 49 per cent complete.
- Only 38 per cent of households claiming an "incapacity" benefit are on Universal Credit

What this means for you

Nearly 400,000 households are on Universal Credit or legacy benefits in Wales. These households saw their benefits increase by 3.1 per cent in April 2022. With inflation standing at 7 per cent in March 2022 and expected to increase further, the number of households accessing advice services, emergency support, and falling into arrears looks set to increase. This will not only have an impact on affected households but will also put pressure on services all over Wales.

These pressures are set to be exacerbated by the decision to start managed migration in May 2022. If the UK Government is to meet its target of completing the managed migration process by the end of 2024 over 160,000 Welsh households will need to complete the process in less than two years. This is likely to cause significant disruption with thousands of households requiring assistance to complete the process.

It is not only the sheer number of households that will be required to complete the managed migration process that is set to put pressure on organisations. The mix of people who are left to move on to Universal Credit are likely to have more complex circumstances than people who have already moved onto Universal Credit through natural migration. Households that remain on legacy benefits are more likely to be unable to work due to a disability or a long-term health condition, and are more likely to have children, than households that are on Universal Credit. It is therefore likely that many households will require additional support when going through the migration process to ensure that they receive their full entitlement.

There is risk that thousands of households could be pushed into significant hardship because of managed migration. Households that fall through the cracks and that don't complete the process in time risk missing out of transitional protections or being left with no benefits at all. Other households may be pushed into hardship as a result of having to navigate the five week wait for Universal Credit or managing new payment arrangements. This could lead to increased demand for emergency support at a time when demand is already high.

Sources of data

The briefing draws on two data sources. The first is administrative data that is published by the Department for Works and Pensions through Stat Xplore. The second is estimates published by the House of Commons Library as to the Progress of the Universal Credit rollout. Reference to the relevant dataset is given below graphs, tables and in the end notes.

1. Understanding Universal Credit

What is Universal Credit?

Universal Credit is a social security benefit that is being rolled out across the UK. It replaces six means tested benefits and tax credits for working-age people and families. These six benefits are often referred to as “legacy benefits”:

- Housing Benefit;
- Working Tax Credit;
- Child Tax Credit;
- Income-Based Jobseekers’ Allowance;
- Income-Based Employment and Support Allowance, and
- Income Support

What is natural migration?

The roll-out of Universal Credit began in 2013. It was initially intended that Universal Credit would be rolled out in full by 2017. The process has been delayed several times, most recently by the pandemic. The process is now not expected to be completed until the end of 2024.² Despite this delay thousands of people in Wales have already moved onto Universal Credit either as a result of making a new claim, or as a result of a change in their personal circumstances that has seen them moved onto Universal Credit. This process is known as “natural migration”.

What is managed migration?

Thousands of people remain on legacy benefits as their personal circumstances have not changed sufficiently to trigger natural migration. To complete the rollout of Universal Credit the Department for Work and Pensions (DWP) will transfer people from legacy benefits onto Universal Credit. This process is known as “managed migration”.

The UK Government suspended its managed migration activities at the outset of the pandemic. On 25 April 2022 it announced that the process would restart from May 2022, with the aim of completing managed migration by the end of 2024.³

Why does the difference matter?

People who are moved onto Universal Credit through managed migration are covered by “transitional protections”. These transitional protections guarantee that a person that is moved onto Universal Credit through managed migration will be no worse off in cash terms as a result of the move (unless there is a change in their personal circumstances). Such protections are not offered to households that move onto Universal Credit through natural migration.

What about other Universal Credit challenges?

Managed migration to Universal Credit is likely to cause significant disruption to households and organisations across Wales. The managed migration process is not automatic. Instead, households will be notified that they will have to apply for Universal Credit. Households will have three months to submit an application for Universal Credit following the receipt of this notice. Following this period households will cease to receive

support through legacy benefit. If a household does not submit an application within the required time frame, they will also lose their entitlement to transitional protections. This also means that households that are moved over to Universal Credit through managed migration will be affected by the five week wait for their first payment.

2. Who receives Universal Credit?

The national position

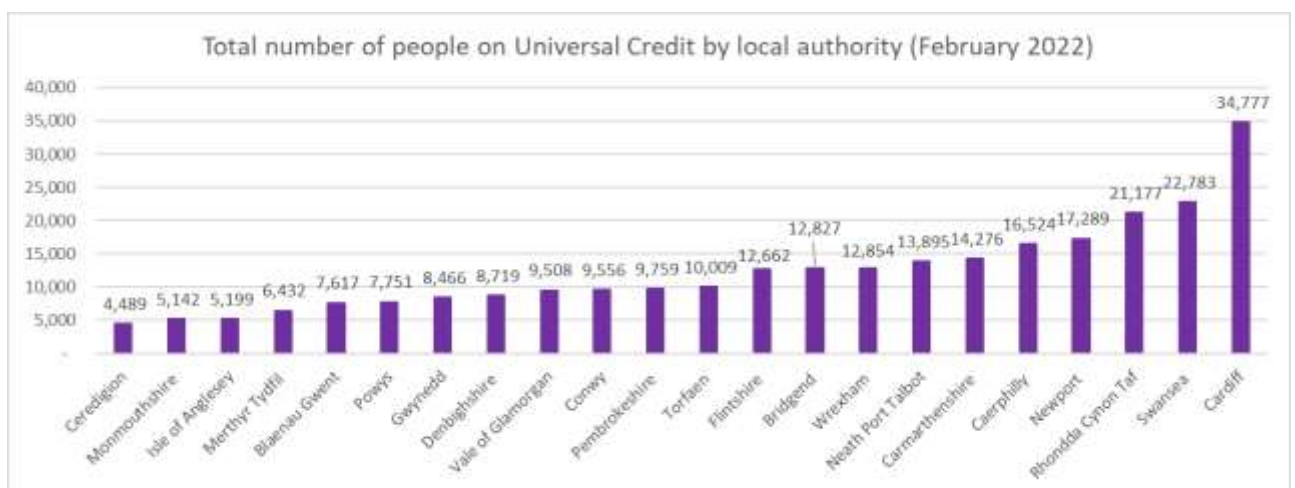
In total 271,707 people were on Universal Credit in Wales as of February 2022.⁴ The most recent data on the number of households that were on Universal Credit in Wales is from November 2021.⁵ At the time, 232,729 households were on Universal Credit.

The local authority position

The number of people on Universal Credit varies significantly across Welsh local authorities.

Cardiff has by far the highest number of people on Universal Credit, reflecting its large population. In total 34,777 people were on Universal Credit in Cardiff as of January 2022, more than 10,000 more than Swansea, the local authority with the second largest number of people on Universal Credit.

The local authority with the lowest number of people on Universal Credit is Ceredigion (4,434). There are fewer than 10,000 people on Universal Credit in half of all Welsh local authorities.



Source: Department for Work and Pensions, People on Universal Credit, accessed via Stat Xplore

Work and Universal Credit

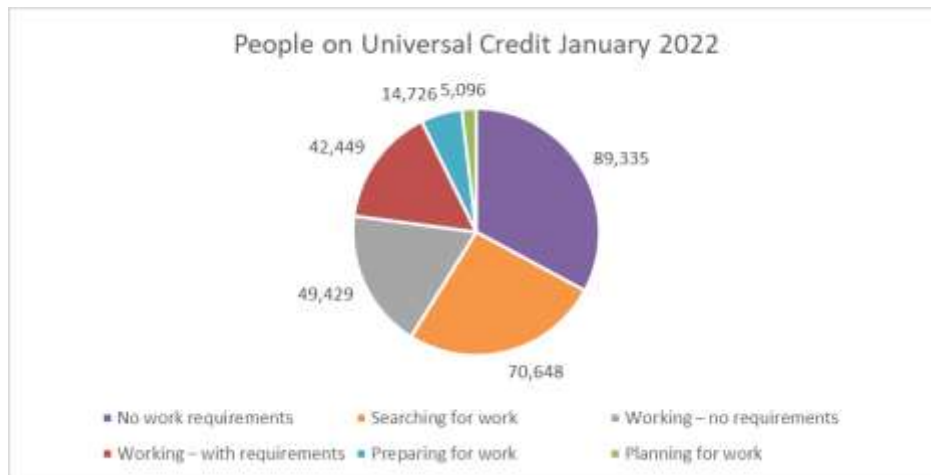
The majority of people that are on Universal Credit in Wales are not in work. As of February 2022 166,256 people were on Universal Credit and were not in work (61%). By contrast 105,450 people were on Universal Credit and in work (39%).

A more detailed breakdown of people's work status can be gained by looking at their conditionality regime. Conditionality refers to the work-related activities a claimant must undertake to get full entitlement to Universal Credit.

Nearly one in three people on Universal Credit in Wales (89,335) are not required to look for work due to health or caring responsibilities (no work requirements). Of the remaining people who are on Universal Credit but who are not in work, the majority (70,648) are required to search for work, with smaller numbers not currently required to look for work.

but expected to prepare or plan for work in the future (e.g. single parents of young children).

Of people who are on Universal Credit and who are in work, 49,429 are not required to look for any further work. There are 42,449 people who are on Universal Credit that are either in work themselves or their partner is in work but on a low income, that are deemed to be able to work more to increase their income (known as working – with requirements).

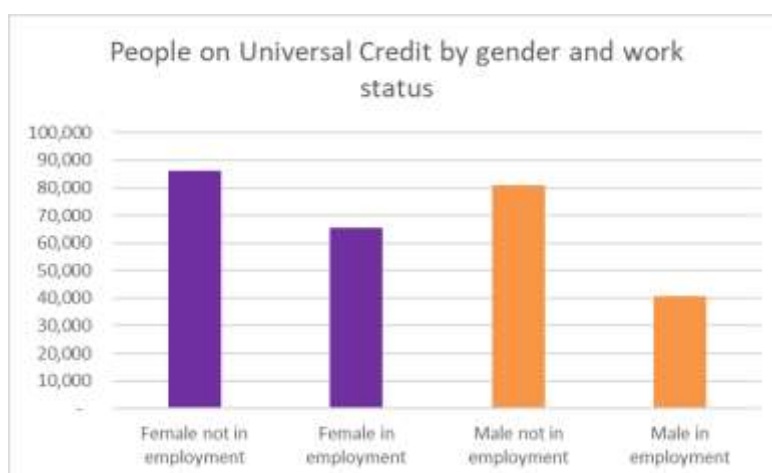


Source: Department for Work and Pensions, People on Universal Credit, accessed via Stat Xplore

Gender

There are more women on Universal Credit than men. In total there were 151,089 women on Universal Credit in Wales as of February 2022. By contrast there were only 120,616 men on Universal Credit.

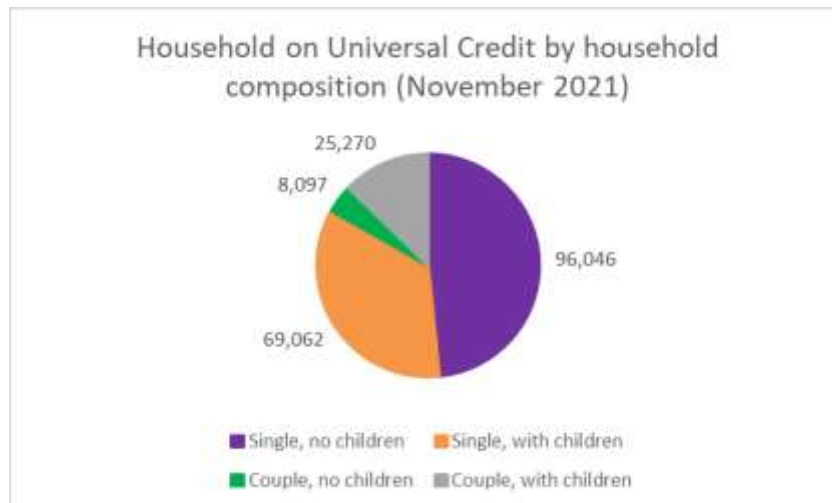
Women that are on Universal Credit are far more likely to be in work than men. In total 43 per cent of women that are on Universal Credit are in work. This compares to just 33 per cent. This probably reflects that more women work in part time roles or in low paid sectors than men.



Source: Department for Work and Pensions, People on Universal Credit, accessed via Stat Xplore

Household composition

The vast majority of households on Universal Credit are single households. Nearly half (48%) of all households on Universal Credit in Wales are single households with no children. When single households with children are included more than four in five households that are on Universal Credit are single adult households (83%).



Department for Work and Pensions, *Universal Credit, Households on Universal Credit*, accessed via Stat Xplore.

More than four in ten households (43%) with children that are on Universal Credit only have one child in the household. Of the remaining households with children 36 per cent have two children and 21 per cent have three or more children.⁶

There are more households with younger children on Universal Credit than households with older children. In November 2021 there were 42,115 households on Universal Credit in Wales where the youngest child was younger than four. This dropped to 29,949 in households where the youngest child was aged between five and ten, 14,607 where the youngest child was aged 11 to 15 and 7,659 where the youngest child was aged 16 to 19.

3. Who is yet to move onto Universal Credit

Legacy Benefits

The House of Common Library publishes estimates as to the progress of the Universal Credit rollout. As of November 2021 it estimated that 162,460 households remained on legacy benefits in Wales.⁷ This means that the Universal Credit rollout was only 59 per cent completed.⁸

The progress of the Universal Credit rollout varies significantly by household characteristics and area.

Jobseekers

The rollout of Universal Credit to households where someone is looking for work is nearly complete. As of November 2021, there were only 3,261 households still on legacy benefits where there was a jobseeker.⁹ By contrast 73,607 such households were on Universal Credit.¹⁰ This means that the rollout of Universal Credit was 96 per cent completed among jobseeker households.

Incapacity

The rollout of Universal Credit to households where someone is unable to work due to health or caring responsibilities is significantly less advanced. Only 38 per cent of households claiming an "incapacity" benefit are on Universal Credit.¹¹ As of November 2021 77,545 households were still in receipt of a "incapacity" related legacy benefit.¹²

Children

The progress of the Universal Credit rollout among households with children mirrors the overall progress of the Universal Credit rollout closely. In total 57 per cent of households claiming benefits relating to children have completed the move onto Universal Credit.¹³ There were 72,683 such households still claiming legacy benefits as of November 2021.¹⁴

Progress by constituency

There is significant variation in progress with the rollout of Universal Credit across parliamentary constituencies.

Of the 40 Welsh constituencies, more than 60 per cent of households were on Universal Credit in 13 as of November 2021.¹⁵ Alyn and Deeside has seen the greatest progress in rolling out Universal Credit with rollout 70 per cent completed.¹⁶ By contrast the rollout of Universal Credit in the constituency of Ceredigion is only 49 per cent complete.¹⁷

When looking at the number of households that are yet to move to Universal Credit a different picture emerges. Alyn and Deeside has the lowest number of households still to move onto Universal Credit (2,583).¹⁸ Cardiff South and Penarth constituency has the highest number of households yet to move onto Universal Credit (7,029).¹⁹ A further nine constituencies have a further 5,000 households yet to move onto Universal Credit.²⁰

Constituency	Number of households on Universal Credit (Nov 2021)	Number of households on legacy benefits (Nov 2021)	Proportion on UC (Nov 2021)
Aberavon	6,283	4,322	59%
Aberconwy	3,788	2,708	58%
Alyn and Deeside	5,976	2,583	70%
Arfon	4,118	2,986	58%
Blaenau Gwent	6,472	4,677	58%
Brecon and Radnorshire	3,152	2,823	53%
Bridgend	5,853	3,953	60%
Caerphilly	6,671	5,296	56%
Cardiff Central	7,208	3,650	66%
Cardiff North	4,237	2,799	60%
Cardiff South and Penarth	11,133	7,030	61%
Cardiff West	8,774	5,790	60%
Carmarthen East and Dinefwr	3,928	3,740	51%
Carmarthen West and South Pembrokeshire	4,731	4,014	54%
Ceredigion	3,675	3,826	49%
Clywd South	5,454	3,025	64%
Clywd West	5,002	3,652	58%
Cynon Valley	6,240	5,362	54%
Delyn	4,909	2,768	64%
Dwyfor Meirionnydd	3,080	2,837	52%
Gower	4,243	3,147	57%
Islwyn	5,579	4,024	58%
Llanelli	6,334	5,206	55%
Merthyr Tydfil and Rhymney	7,384	5,157	59%
Monmouth	4,039	3,087	57%
Montgomeryshire	3,200	3,062	51%
Neath	5,737	4,485	56%
Newport East	7,655	4,195	65%
Newport West	8,256	4,476	65%
Ogmore	6,039	4,524	57%
Pontypridd	4,891	3,737	57%
Preseli Pembrokeshire	5,037	4,099	55%
Rhondda	6,191	5,195	54%
Swansea East	8,481	5,346	61%
Swansea West	7,009	4,312	62%
Torfaen	7,934	4,407	64%
Vale of Clwyd	6,466	4,439	59%
Vale of Glamorgan	7,120	5,018	59%
Wrexham	6,107	3,318	65%
Ynys Mon	4,366	3,387	56%

Glossary

Universal Credit - A social security benefit that is being rolled out across the UK. It replaces six means tested benefits and tax credits.

Legacy benefits – The six means tested benefits and tax credits being replaced by Universal Credit.

Natural migration – The process through which someone moves from legacy benefits to Universal Credit as a result of a change in their personal circumstances.

Managed Migration – Where people getting legacy benefits will have their claims transferred to Universal Credit by the DWP.

Transitional protections – A process that guarantee that a person that is moved onto Universal Credit through managed migration will be no worse off in cash terms (unless there is a change in their personal circumstances).

Conditionality regime – The work-related activities a claimant must undertake to get full entitlement to Universal Credit.

Searching for work – People who are on Universal Credit and not working, or with very low earnings. Claimant is required to take action to secure work - or more / better paid work.

Working - with requirements – People who are on Universal Credit that are in work but could earn more, or not working but has a partner with low earnings.

No work requirements – People who are on Universal Credit that are not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work.

Working - no requirements – People who are on Universal Credit where their individual or household earnings are over the level at which conditionality applies.

Planning for work – People who are on Universal Credit that are expected to return to work in future.

Preparing for work – People who are on Universal Credit who are expected to start preparing for future even with limited capability for work at the present time

End notes

¹ Department for Work and Pensions, *Completing the move to Universal Credit* (April 2022) available at - <https://www.gov.uk/government/publications/completing-the-move-to-universal-credit/completing-the-move-to-universal-credit--2#transitional-protection>

² *ibid*

³ *ibid*

⁴ Department for Work and Pensions, *Universal Credit, People on Universal Credit*, accessed via Stat Xplore.

⁵ Department for Work and Pensions, *Universal Credit, Households on Universal Credit*, accessed via Stat Xplore.

⁶ DWP n(5)

⁷ House of Commons Library, *Constituency data: Universal Credit rollout* (April 2022) available at - <https://commonslibrary.parliament.uk/constituency-data-universal-credit-roll-out/>

⁸ *ibid*

⁹ *ibid*

¹⁰ *ibid*

¹¹ *ibid*

¹² *ibid*

¹³ *ibid*

¹⁴ *ibid*

¹⁵ *ibid*

¹⁶ *ibid*

¹⁷ *ibid*

¹⁸ *ibid*

¹⁹ *ibid*

²⁰ *ibid*