

## **RESOURCES AND TRANSFORMATION OVERVIEW AND SCRUTINY PANEL – 21 SEPTEMBER 2023**

### **UPDATE ON THE MIGRATION TO UNIVERSAL CREDIT**

#### **1. RECOMMENDATION**

- 1.1 That EMT note the contents of this report.

#### **2. INTRODUCTION**

- 2.1 The purpose of this report is to provide an update on Universal Credit, including a brief summary of the managed migration process and subsequent impacts.
- 2.2 The Council currently administers circa £26m annually to 4,344 Housing Benefit claimants.

#### **3. WHAT IS UNIVERSAL CREDIT**

- 3.1. Universal Credit supports people of working age who are out of work or on a low income. It replaces the following benefits into one monthly payment, commonly referred to as 'legacy benefits':
1. Child Tax Credits
  2. Working Tax Credits
  3. Employment and Support Allowance (income based)
  4. Housing Benefit
  5. Income Support
  6. Job Seekers Allowance (income based)
- 3.2 Pension age claimants will continue to claim Housing Benefit, administered by the Council, to support with paying their rent until at least 2028/29, where it is expected the Department for Work and Pensions will review this. There are currently no plans to incorporate Council Tax Support into Universal Credit, therefore this is expected to remain with local authorities.
- 3.3 There have been many changes to Universal Credit since its inception. For reference, Appendix 1 provides details of the evolution of Universal Credit.
- 3.4 Universal Credit seeks to incentivise work and claimants will be allocated a work coach to support them in securing employment or increasing their hours of work.
- 3.5 Universal Credit is awarded for a monthly assessment period, and payments will adjust accordingly if income changes, for example changes to earnings. Appendix 2 provide details of the allowances used to calculate entitlement to Universal Credit.
- 3.6 Universal Credit is claimed online, with telephone applications available for vulnerable claimants. The claim is maintained on-line through a "journal" where claimants can report changes of circumstances and view their award.

#### **4. CLAIMING UNIVERSAL CREDIT**

- 4.1 All new claims for Housing Benefit ended in 2017 with claimants having to claim Universal Credit for help with paying their rent. This has meant a reduction in the number of Housing Benefit claims being administered by the Council, as detailed in Appendix 3.
- 4.2 There are some circumstances where a person will claim Housing Benefit through the Council for support with their housing costs. Housing Benefit is claimed where the claimant is:
1. a pensioner or part of a pensioner couple, or
  2. living in temporary, exempt or supported accommodation (but can claim the standard allowance through Universal Credit)

#### **5. MIGRATION TO UNIVERSAL CREDIT**

##### **Natural Migration**

- 5.1 Historically, all claims for Housing Benefit migrate to Universal Credit only where there is a “natural trigger”. This is where a household has a change in circumstance which means they would have previously made a new claim for any of the six legacy benefits. This includes stopping work, a partner moving in or the birth of a first child.

##### **Voluntary Migration**

- 5.2 A claimant of a legacy benefit can choose to migrate to Universal Credit, for example where they will be better-off.

##### **Managed Migration**

- 5.3 Managed migration is where people getting legacy benefits will have their claims for the legacy benefit ended and will be instructed to claim Universal Credit.

#### **6. MANAGED MIGRATION**

- 6.1 The Department for Work and Pensions will send a Migration Notice to the claimant telling them they must claim Universal Credit. Claimants will be given ‘three months’ notice to claim Universal Credit, legacy benefits will be closed either at the end of the three-month period or the start of the Universal Credit claim. Failure to claim Universal Credit by the specified date will result in all legacy benefits ending.
- 6.2 Legacy benefits, including Housing Benefit, will continue to be paid for 2 weeks after the Universal Credit claims starts to support with the transition.
- 6.3 For couples, both parties will have to make a claim for Universal Credit before the deadline.
- 6.4 Within the Migration Notice contact details are provided on how to claim, including online, and details of the support available including a freephone number or specifically trained staff at local jobcentres. On receiving a migration notice claimants

can contact the DWP to request an extension to make their claim of up to one month. If a claim is not made within the notice period claimants will receive a reminder notice, emphasising the “deadline day” for making their claim. After making a claim, the claimant will meet a Work Coach at the jobcentre to discuss their claim and provide any supporting information, such as tenancy agreements or bank statements.

- 6.5 From September 2023 Tax Credit only claimants (Working Tax and/or Child Tax) will be moved to Universal Credit. We currently have 38 Council Tax Support claims that will be affected.
- 6.6 During 2024/2025 all other legacy benefits as detailed in section 3.1 will be required to move to Universal Credit via the managed migration process. The exception to this is those that are in receipt of Employment and Support Allowance (income based) only claims, of which we have 858, who will be migrating in 2028/29.
- 6.7 We have yet to receive details of the migration process for 2024/25, including when existing Benefit claims will be sent their Migration Notice or the rationale, for example by benefit type, post code, jobcentre or local authority.

## **7. THE IMPACT OF THE MANAGED MIGRATION TO UNIVERSAL CREDIT**

- 7.1 The migration to Universal credit will have the following impacts:

### **Current Housing Benefit Claimants**

- 7.2 We currently have 706 Housing Benefit claimants who will have to migrate to Universal Credit in 2024/25. As stated in 6.6, 858 claims will remain on Housing Benefit until migrating in 2028/29. The DWP have stated that those that are flagged as vulnerable may get extra time and help with making their claim, we await details of this.
- 7.3 On claiming Universal Credit the first payment is paid five weeks after the claim is made. This will cause a delay in support being received. As Universal Credit is paid in one monthly amount, claimants will have a new payment cycle to get used to as legacy benefits are usually paid fortnightly, and at different intervals if in receipt of more than one, for example Housing Benefit and Income Support. This may lead to impacts on budgeting and subsequent payments of council tax, rents and household bills if claimants do manage their finances appropriately. Claimants can apply for an advance payment to help with the transition, which is then deducted from their monthly Universal Credit payment.
- 7.4 Claimants will have to maintain their journal, report changes themselves, for example rent, and may have increased deductions from their Universal Credit.
- 7.5 There will be implications for those that are self-employed, notably:
- The minimum income floor (MIF) if earnings are below a specified threshold, whereby an amount determined by DWP is used as income, rather than actual income. This is worked out using the national living wage multiplied by the number of hours expected to work, for example £10.42 x 35 hours equals £364.70, so if the income is below this then this is the amount used to work

out entitlement to Universal Credit. On migrating to Universal credit there will be a 12 month “grace” period before the MIF commences.

We have 86 claims that will be affected by this, 32 who are council tenants, meaning they will get less support.

- Claimants will have to provide monthly evidence of their self-employed income and expenditure, not currently undertaken with legacy benefits.

### **Transitional Protection**

- 7.6 On migration there will be many claimants that are better-off, with the DWP estimating 55% of claimants receiving more under Universal Credit than their legacy benefits. This may be due to the reduced taper when compared to Housing Benefit for those working. However, the DWP estimate 35% of claimants will be worse-off, for example those that currently receive a Severe Disability Premium in their Housing Benefit entitlement. Where the entitlement to Universal Credit is less than the entitlement to the legacy benefits the claimant was receiving, a ‘transitional amount’ to top up the Universal Credit award will be added. This temporary payment will erode over time, so as to maintain benefit entitlement at the point of transition and to give claimants time to adjust to the new amount.
- 7.7 Transitional Protection is only applicable with the managed migration process, it will not apply to those migrating naturally.

### **Housing Benefit Overpayments**

- 7.8 We currently have 98 Housing Benefit claims that have a weekly deduction from their entitlement to recover an overpayment, with the total amount outstanding being £113k. Of these, 49 have an amount outstanding of £300 or less, meaning they should have their overpayment recovered in full prior to migrating. There are 50 claims that have an outstanding balance above £300, totalling £108k, and any remaining overpayment outstanding at the point of migration will be passed to the DWP for collection from their Universal Credit award. This will be subject to any other debts that are being recovered from deductions to Universal Credit and their priority above Housing Benefit. We will review this when accounting for our bad debt provision.

### **Impact on Housing Rents**

- 7.9 There are currently 790 Housing Benefit claimants where the Council is the landlord, and Housing Benefit is paid weekly, in advance to their rent account. This equates to £4.3m per year in Housing Benefit payments. As Universal Credit is paid directly to the claimant, those that currently do not pay any rent due to receiving full Housing Benefit will need to be educated in making their rent payments on time. There may also be an impact on rent arrears at transition, see 7.3, and with tenants managing their monthly payments where their rent was previously paid by Housing Benefit. Consideration may need to be given to providing additional direct debit collection dates for rent payments, which is currently the 1<sup>st</sup> and 15<sup>th</sup> of the month.

- 7.10 Those struggling to manage their finances can request the Housing Cost Element of Universal Credit (the old “Housing Benefit”) to be paid directly to their landlord. Landlords can also request payments direct through an ‘Alternative Payment Arrangement’ (APA), for example where there are rent arrears. We have 461 council tenants with an APA, and this will be expected to increase, impacting on administration. Requesting an APA is not guaranteed.
- 7.11 Currently, where there is an overlapping rent liability, for example where a new tenancy starts before the old tenancy ends, Housing Benefit can be awarded to meet both rent liabilities. Universal Credit is not awarded in these circumstances, therefore consideration and clear information will need to be given to tenants, for example if they have to accept a tenancy at short notice.

### **Impact on staffing**

- 7.12 As Universal Credit has replaced Housing Benefit, and caseload has reduced, resources have been managed accordingly, for example not replacing vacancies. We will continue to monitor and manage resources accordingly.
- 7.13 There are currently 13 staff (11.5 FTE’s) directly employed in Benefits. As the caseload of Housing Benefit claims will reduce by approximately 700 by 31 March 2025, and a further 858 by 2029, along with the assumed reduction in the administrative grant received from the Department for Work and Pensions, we will continue to utilise natural reduction in staffing to manage resources during this period, however if this does not occur by the conclusion of the migration, including redeployment, we may need to consider a restructure and potential redundancies with the associated costs. Consideration needs to be given on resources as we will still be administering Housing Benefit for pension age claims and those living in temporary, exempt and supported accommodation, Discretionary Housing Payments, and our local Council Tax Support scheme which supports 9,000 households with their council tax bill.

## **8. COMMUNICATION AND SUPPORT**

- 8.1 Residents will be informed directly from the Department for Work and Pensions when they are required to transition to Universal Credit. Once we are notified of the dates affecting our Housing Benefit claimants we will undertake a communications campaign to raise awareness and promote support available, this will include the use of social media communications, updates to our website, Hometalk, notices and targeted campaigns. We will promote a clear message that households will “need to claim or your benefits will stop” and to do this before their deadline.
- 8.2 We will work with the Department for Work and Pensions, including with our Partnership manager, to ensure we are fully briefed and coordinate our response. Staff will be fully trained to provide advice and information to support claimants, including signposting. For council tenants, a home visit may be arranged in exceptional circumstances for vulnerable claimants and drop-ins at our local offices.
- 8.3 We will work with Citizens Advice New Forest to provide support to residents with claiming Universal Credit, as part of their core work as they have received no

additional funding. We will also consider support and publicity through our community hubs or via drop-ins.

## 9. **NEXT STEPS**

9.1 In preparation for the migration to Universal Credit, we will undertake the following activities:

- To meet regularly with our DWP Partnership Manager for ongoing engagement and partnership working
- To raise awareness and inform our claimants of the changes through communications, including decision notices, website and social media
- To work with Housing to consider and identify the potential impacts and consider actions to support tenants
- To work with partners, including the DWP and Citizens Advice New Forest, to support households with claiming Universal Credit

9.2 Ongoing updates will be provided on the progress of the managed migration process.

Further Information:  
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Background Information  
Appendices 1, 2 and 3

## Appendix 1 – Timeline of Universal credit

Date	Change
March 2013 – December 2017	Universal Credit was available to new claimants in a limited group, mostly to 18 to 60 year old single people with no children in some areas of the Country
April 2016 – December 2018	Gradual roll out to other areas, available to new claims and a range of people on legacy benefits whose circumstances change
April 2018	Two week transitional protection awarded to HB claimants who naturally migrate to Universal Credit
December 2018	Available in all areas of Great Britain
January 2019	Claimants who receive the Severe Disability Premium through one of the legacy benefits not eligible to claim Universal Credit as worse off.
April 2019	Work allowance increase, work allowances are the amount of earnings a claimant can keep before it is considered as income for Universal Credit. Increased by £1,000 for the year. For those with limited capability an increase of £630 per year
May 2019	Couple where one partner is aged 66 and the other is aged under Pension Credit age will be required to claim Universal Credit. (Some exceptions apply)
July 2019	Managed Migration pilot, Harrogate
October 2019	Recovery reduction reduced from 40% to 30% of the standard allowance of Universal Credit
April 2020	£20.00 per week uplift applied to standard allowance for 18 months following the COVID-19 pandemic and pause to Minimum Income Floor for those who are self-employed
January 2021	Gateway removed preventing those receiving the Severe Disability Premium from claiming Universal Credit, transitional protection applied through Universal Credit
April 2021	Maximum repayment period for advance payments increased from 12 month to 24 months. This will mean people have less money taken off their payment every month and the maximum deduction reduced from 30% to 25%
August 2021	Minimum Income Floor for self-employed reintroduced
October 2021	£20.00 COVID-19 uplift ended
December 2021	Taper rate reduced from 63% to 55% and work allowances increased by £500 a year to support those working. (Taper rate is the amount a claimant loses for every £1.00 earned over the work allowances)
May 2022	Managed migration resumed, piloted in Medway and Bolton
January 2023	Increase in Administrative Earnings Threshold, £617.00 per month single people and £988 per month for couples. The AET which is set at an individual or household level, separates the 'Intensive Work Search' group and the Light Touch' group
28 June 2023	Increase to childcare costs, claimants can claim up to 85% of childcare costs up to a maximum of £950.92 per month for one child or £1,630.15 for two or more children. Costs can also be claimed upfront if starting a new job or increased hours.
September 2023	changes to in-work conditionality to require people earning the equivalent of over 15 hours per work at National Living Wage but less than full time hours to look for more or better paid work
September 2023	Managed migration of Tax Credit only claimants to Universal Credit. Completed by 31 March 2024
April 2024/2025	Managed migration of all other legacy benefit claims

## Calculation of Universal Credit

The amount of Universal Credit someone receives depends on their income and their standard allowance, and any extra amounts that apply to the claimant, less any deductions.

The standard allowances are currently:

If you are single under 25	£292.11 per month
If you are 25 or over	£368.74 per month
If you live with a partner and both under 25	£458.51 per month
If you live with a partner and either are over 25	£578.82 per month

Extra elements will be added to the standard allowance if eligible, for example child element, disability element, housing element, carers element, childcare element, and transitional protection element. The elements are added together to give a claimants 'Maximum Universal Credit award'. Income is then amalgamated and used to work out entitlement.

Where income is equal or below the 'Maximum Universal Credit award' the claimant will receive full Universal Credit. Where the income is above this, entitlement is worked out using a taper of 55%, until entitlement is zero.



### Appendix 3 – Housing Benefit caseload timeline

