

## **Welsh Statistical Liaison Committee (WSLC) meeting – 6 February 2020**

### **Universal Credit (UC)**

#### **Introduction**

UC is a single monthly payment for people in- or out-of-work. It is replacing six means-tested benefits and tax credits: income-based Jobseeker's Allowance (JSA), Housing Benefit, Working Tax Credit (WTC), Child Tax Credit (CTC), income-related Employment and Support Allowance (ESA) and Income Support.

Support for housing costs, children and childcare costs are integrated into UC and it also provides additions for disabled people and carers.

Claimants receive a single monthly household payment paid into a bank account. In some cases, payment can be split between claimants in a household, and a more frequent payment can be made (e.g. fortnightly). Support with housing costs will usually go direct to the claimant, but in some cases, this can be paid directly to the landlord instead. Most people will apply online and manage their claim through an online account.

#### **UC rollout**

Prior to the 5 April 2017, UC was available to new single jobseekers across the whole of Wales and to couples and families in Shotton, Flintshire<sup>1</sup>. Transition to the 'full UC service' (i.e. new claims from all types of claimants) in Wales took place in stages from April 2017 – December 2018.

The transition started on the 5 April 2017 in Flintshire County Council. Other local authorities gradually followed and all were on the full service by the end of December 2018. Once rolled out to the full service, claims are accepted from those on legacy benefits who have had a change in their circumstances.

In January 2019, the then Secretary of State for Work and Pensions announced that, rather than beginning managed migration (i.e. all remaining legacy benefit claimants who have not had a change in their circumstances) in earnest in July 2019, it will commence with a 12-month pilot limited to just 10,000 claimants. UK Parliament will then vote on further regulations before it is extended to more claimants. The Department for Work and Pensions (DWP) then plans to migrate more slowly initially, before ramping up activity to complete the migration by December 2023.

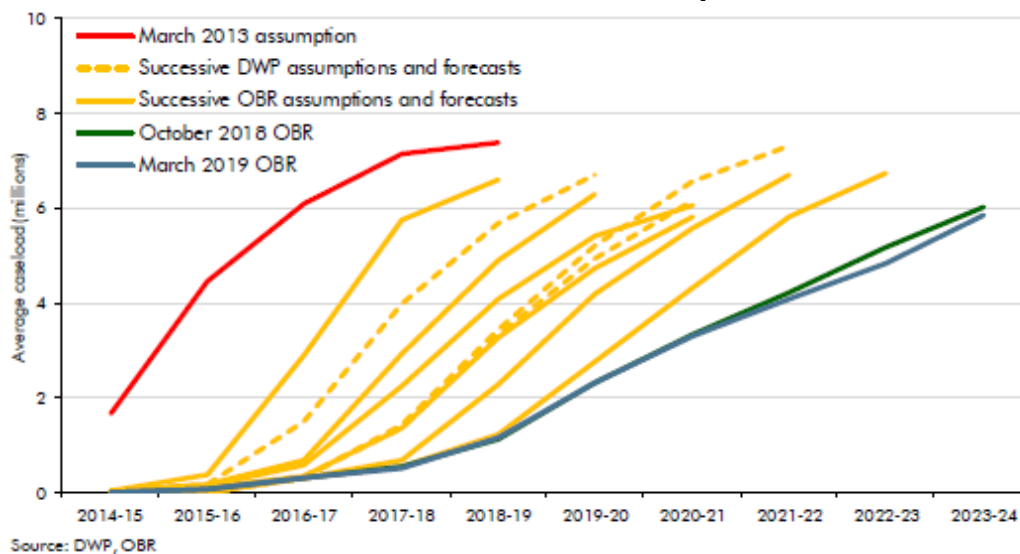
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<sup>1</sup> The UC rollout in Wales commenced on 7 April 2014 with new claims from a limited group of single jobseekers without children in Shotton. From July 2014, Shotton started to take new claims from couples without children. UC was made available to families in Shotton from January 2015. From February 2015 to March 2016, UC was expanded to the remaining areas across Wales – just for new claims from single people, who would otherwise have been eligible for JSA, including those with existing Housing Benefit and Working Tax Credit claims.

However, as illustrated in Figure 1 below, the Office of Budget Responsibility (OBR) assumes that the managed migration will end six months later (i.e. in June 2024) than DWP intends, spreading out the final 12-month high-volume phase in DWP's plan over a more achievable 18-month period.

The OBR sees the main outstanding risks to the managed migration timetable as the Parliamentary hurdle to be cleared after the pilot phase and the ramp-up in volumes between 2021-22 and 2022-23, where past experience indicates that when sharp rises in delivery volumes are planned they are often revised to be more gradual when the time comes to deliver them.

**Figure 1: Successive revisions to UC rollout assumptions**



Source: [OBR](#)

## DWP statistics

### Number of people on UC

The number of people on UC in Wales in December 2019 was 141,470 (Great Britain: 2.7 million people). This is an increase of 4% from November 2019. The number of people on UC in Wales has almost doubled (90% increase) since December 2018 when the UC full service was made available in every Jobcentre Plus office.

### Employment

UC is available to people who are out of work and also those who are in work and on a low income.

Since November 2019, DWP no longer publish a provisional figure of the number of people on UC that are in employment for the latest month in the series. They now only provide a figure with a 2-month lag as this is regarded to be a more meaningful and robust figure.

Of the 136,180 people on UC in Wales in November 2019, there were 46,890 (34%) in employment, compared to 38% (25,380 out of 66,610) in November 2018.

### Searching for work conditionality regime

There are certain work-related things an eligible adult will have to do to receive full entitlement to UC. This is referred to as ‘conditionality’<sup>2</sup>. There are 6 conditionality regimes based on capability and circumstances.

Conditionality regime	Description
Searching for work	Not working, or with very low earnings. Claimant is required to take action to secure work - or more or better paid work. The Work Coach supports them to plan their work search and preparation activity.
Working – with requirements	In work, but could earn more, or not working but has a partner with low earnings.
No work requirements	Not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work.
Working – no requirements	Individual or household earnings over the level at which conditionality applies. Required to inform DWP of changes or circumstances, particularly at risk of decreasing earnings or losing job.
Planning for work	Expected to work in the future/ Lead parent or lead carer of child aged 1. Claimant required to attend periodic interviews to plan for their return to work.
Preparing for work	Expected to start work in the future even with limited capability to work at the present time or a child aged 2. Claimant expected to take reasonable steps to prepare for working including Work Focused Interview.

Source: [DWP](#)

Of the 141,470 people on UC in Wales in December 2019, 36% (51,210) were in the Searching for Work conditionality regime, compared to 43% (31,770 out of 74,310 in total) in December 2018 and 75% (350 out of 480 in total) in April 2015 (the first available figures for this breakdown).

There has been a decreasing trend in the proportion of people in the Searching for Work conditionality regime since April 2015. This is due to the early UC rollout being restricted to jobseekers, who are expected to be in this conditionality group. As expected, the proportion of people in each of the remaining conditionality groups has increased over this period, particularly the No Work Requirements conditionality group, which was at 28% in December 2019 compared to 19% in December 2018 and 5% in April 2015.

<sup>2</sup> The conditionality breakdown measures what regime an individual is in on the count date. This may not be representative of the entire assessment period for that individual. Conditionality regime figures are not the same as the employment measures, which shows whether an individual has had earnings during their assessment period. The two measures should only be used together with caution.

## Gender

In December 2019, there were 79,060 (56%) females on UC in Wales, compared to 52% (38,560 out of 74,310) in December 2018. As the rollout has progressed and eligibility criteria widened, female claimants have made up a growing proportion of the caseload.

## Local authority area

Following a gradual geographical rollout, UC full service has been available in all Jobcentre Plus offices in Wales since December 2018. [The rollout timetable for each Jobcentre Plus office can be found here](#) (table 1.1 of the data tables).

Table 1 below shows that of the total number of people on UC in Wales in December 2019, the largest proportions were in Cardiff (13 per cent), Swansea (9 per cent), Rhondda Cynon Taf (7 per cent) and Newport (7 per cent).

**Table 1: People on UC, by local authority area, December 2019**

	Number of people	Proportion of total for Wales (%)
Isle of Anglesey	2,253	2
Gwynedd	3,648	3
Conwy	4,979	4
Denbighshire	4,799	3
Flintshire	7,614	5
Wrexham	7,340	5
Powys	3,449	2
Ceredigion	1,821	1
Pembrokeshire	4,752	3
Carmarthenshire	6,047	4
Swansea	13,019	9
Neath Port Talbot	8,368	6
Bridgend	6,880	5
Vale of Glamorgan	4,574	3
Cardiff	18,074	13
Rhondda Cynon Taf	9,915	7
Merthyr Tydfil	3,495	2
Caerphilly	8,134	6
Blaenau Gwent	4,124	3
Torfaen	6,215	4
Monmouthshire	2,434	2
Newport	9,528	7
Wales	141,469	

Source: DWP [Stat-Xplore](#)

## Number of households on UC

DWP also publish statistics for the number of households on UC. In August 2019, 106,170 households in Wales were on UC, which is 5 per cent of the 2.1 million households on UC in Great Britain. Of these households in Wales, 98,080 (92 per cent) were receiving a UC payment. There are a number of reasons why a household may not be in receipt of a payment, for example, when someone moves into work, their level of earnings may mean that they no longer receive a UC payment. As UC is responsive to changing circumstances, and provides support to people both in- and out-of- work, UC payments can be restarted up to six months after a household's last payment.

By the time it is fully rolled out, we estimate around 400,000 households in Wales will be on UC<sup>3</sup>. In August 2019, just over a quarter (27 per cent) of these households were on UC. The number of families on UC in Great Britain is set to rise to 6 million<sup>4</sup> by the time it's fully rolled out in 2023-24.

Of the 98,080 households in Wales receiving a UC payment in August 2019:

- More than half of UC awards (53%, 52,320) were paid to single people without children, while just 3,450 awards (4%) were paid to couples without children.
- The mean amount of UC paid to households was £670 per month.
- Single person households with no child dependants received the least amount of UC on average (£460 per month), while couples with child dependant(s) received the most on average (£950 per month).
- 60,470 households (62%) were entitled to support with housing, of which 55% were in the social rented sector.
- Nearly a quarter (23%, 14,030) of households that were entitled to support for housing costs had a Managed Payment to Landlord<sup>5</sup> in place.
- Only 7 households received a Split Payment<sup>6</sup>.
- Around 2,990 households (3%) had a More Frequent Payment<sup>7</sup>.

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<sup>3</sup> Welsh Government estimate based on DWP working-age benefits data and HM Revenue and Customs (HMRC) tax credit data. This estimate also aligns with that produced by [Citizens Advice](#)

<sup>4</sup> Source: [IFS](#)

<sup>5</sup> UC, including support for housing costs, is usually paid directly to the household in a single payment. Where this is not suitable, landlords and claimants can apply for housing costs to be paid directly to the landlord through a Managed Payment to Landlord.

<sup>6</sup> In exceptional circumstances, payment of UC can be divided between two members of the household.

<sup>7</sup> Where it is identified that one monthly payment is not suitable for a household, it may be possible to have their UC divided over the month to be paid more frequently, such as twice monthly or, exceptionally, 4 times a month.

- In July 2019<sup>8</sup>, 95% of all households that were paid received full payment on time, with 98% of households receiving at least some payment on time. While 87% of households new<sup>9</sup> to UC that were paid received their full payment on time, with 93% receiving at least some payment on time.

### **DWP's interactive UC statistics**

View an [interactive map which shows statistics on households on Universal Credit at local authority level](#).

View [statistics on the Universal Credit claimants at Jobcentre Plus office level in an interactive map](#).

View an [interactive dashboard of the latest Universal Credit household statistics by region](#).

Find further breakdowns of these statistics in [Stat-Xplore](#) (an online tool for exploring some of DWP's main statistics).

### **More information on DWP's UC Statistics**

DWP has published a [background information and methodology note](#), which includes more information about DWP's UC statistics.

A statistical bulletin is published by DWP every quarter, in line with the monthly statistical release, that includes data on:

- people
- households
- claims and starts to UC

The next bulletin will be published on 18 February 2020.

Data for people on UC is available in Stat-Xplore on a monthly basis (next release of these statistics: 18 February 2020).

[DWP publish statistics on the number of sanctions imposed on people who receive UC, JSA, ESA or Income Support](#).

DWP has also published [Ad hoc statistical publications on UC](#). For example, on the [Gender of bank account holders on Universal Credit](#), [Universal Credit payment advances: May 2016 to June 2017](#), [Universal Credit online channel usage statistics](#), [Universal Credit: Statistics on alternative payment arrangements](#).

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<sup>8</sup> To allow sufficient time for information to be gathered on all payments, figures are not included for the latest month in the series, hence why July 2019 are referred to rather than August 2019.

<sup>9</sup> Payment timeliness is lower when looking at new claims than when looking at all claims. There are a number of one-off verification processes that must be completed by the claimant and by DWP at the start of the claim. Delays to completion of these processes can interfere with payments being made on time.

**Relevant research produced by/for the Welsh Government that may be of interest**

[Analysis of the impact of the UK Government's welfare reforms in Wales](#) – produced by the Welsh Government (published March 2019).

[Understanding the impact of Universal Credit on the Council Tax Reduction Scheme and rent arrears in Wales: Interim report](#) - produced by Policy in Practice on behalf of the Welsh Government (published January 2020). Final report currently expected to be published on the Welsh Government's website in spring 2020.

[Administering Social Security in Wales](#) – produced by the Wales Centre for Public Policy on behalf of the Welsh Government (published January 2020).

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January 2020**