

# Universal Credit and Welfare Reform

## Wessex Financial Capability Forum

**Business Change**

Citizen Services

Slide 1



**BRISTOL**  
2015 EUROPEAN  
GREEN CAPITAL

# Universal Credit (UC) – What is it?

## Key features of the policy:-

- Combines six working age benefits and tax credits (including Housing Benefit)
- Simplified benefit with one claim and payment
- Paid monthly in arrears to reflect salary
- Digital by design
- Taper at which can working affects UC award and no hours conditions
- Claimant commitment and sanctions
- Cultural change

# Universal Credit

## Initial rollout:-

- November 2015 and December 2015 – Single, childless jobseekers (delivered through two tranches)
- After March 2017 – All new claims will be for UC going forward

## Managed migration:-

- At least 2018 onwards – claimants who have not migrated to UC due to a change in circumstances

# Universal Credit

## Universal Credit (UC) (immediate impacts):-

- Approximately 750 out of 2,600 claims expected within 2015/16 will have housing costs. Mostly young males living in central and East Bristol

## Universal Credit (UC) (immediate actions):-

- Mapping completed, training and infrastructure in place for Citizen Services to support those affected
- Exploring joint working for digital and financial inclusion
- Process changes being made for benefits service and Housing Delivery

# Key issues for financial resilience

## Payment method:-

- Payment made monthly in arrears
- Payment made directly to person claiming
- Housing costs included for most tenants (with some exceptions for vulnerability and arrears)

## Assessment method:-

- Seven 'waiting days' where no entitlement is paid (including housing costs)
- Usually about six weeks before first payment is made

# Welfare Reform

Benefit Cap reduced to £20,000 (implemented over 2016/17):-

- Almost 1,300 households potentially affected losing an average of £3,100 per annum
- More social and council tenants than under current cap. Often single parent, female households

Other HB changes for 2016/17:-

- Loss of family premium for HB (new claims and births) (1,100 households losing £600 per annum)
- Restricting backdating to one month (400 households)

# Welfare Reform

Other changes to working age benefits and tax credits for 2016/17:-

- Freeze on working age benefits for four years (includes HB allowances and Local Housing Allowances)
- Reductions in tax credit entitlement for working households

Cumulative impact of changes and some households affected by previous welfare reforms

# Welfare Reform

## Further measures announced for 2017:-

- Tax credit support limited to two children for new claims and births after April 2017 (UC equivalent measure)
- Family element removed from tax credits for new claims
- Work Related Activity Group component in Employment and Support Allowance removed for new claims
- No automatic Housing Costs within UC for 18 to 21 year olds



# Key issues for financial resilience

## Benefit cap:-

- Many affected are not required to seek work (i.e. further from employment market)
- Larger households where childcare may be an issue
- Potential to lose almost all support towards rent through HB reductions (plus further reductions under UC)

## Changes to tax credits and HB

- Only affect working households or those with partial HB

# Key issues for financial resilience

Freezing of most working age benefits and tax credits for four years:-

- Local Housing Allowance already based on 30<sup>th</sup> percentile (i.e. three in ten properties available to be met through HB)
- Private rental market in Bristol shows strong growth in terms of rent (double digit increases for last year)
- Freezing of other benefits and tax credits would make it harder to cover both housing and living expenses out of current incomes

# Communications

## External Stakeholders and Citizens:-

- Updates to web pages for UC and development of pack for those claiming (where to get support etc.)
- Articles in 'Housing News' and 'Landlord News' to raise awareness
- Working with VOSCUR and the advice sector to deliver joint communications and briefings
- Meetings with private and social landlords
- Briefing delivered electronically and managed subscription list

# Thank you

Any questions?

## Contacts

- Ian McIntyre [ian.mcintyre@bristol.gov.uk](mailto:ian.mcintyre@bristol.gov.uk)
- Katie Britten [katie.britten@bristol.gov.uk](mailto:katie.britten@bristol.gov.uk)
- Universal Credit project mailbox  
[universal.credit@bristol.gov.uk](mailto:universal.credit@bristol.gov.uk)