

# Universal Credit

12 month update – October 2020

# Background

- Universal Credit Full Service rolled out in Nottingham on 17<sup>th</sup> October 2018.
- People move onto Universal Credit if they make a new benefit claim or have a change in their circumstances. Nottingham was one of the last places in the country where Universal Credit rolled out.
- Universal Credit replaces the following benefits:
  - Child Tax Credit
  - Housing Benefit
  - Income Support
  - Income-based Jobseeker's Allowance (JSA)
  - Income-related Employment and Support Allowance (ESA)
  - Working Tax Credit
- Universal Credit does not include any other benefits, including Council Tax Support, which can be claimed alongside Universal Credit.

# Nottingham Context

- 35,000 people are on Universal Credit in Nottingham (September 2020 latest figures).
- 11,750 people were employed but still claiming the equivalent of Tax Credits/Housing Benefit
- 15,475 people were unemployed claimants
- 2,135 people were planning or preparing for work – they are not currently expected to look for work as they have a health condition which is likely to improve, or a child aged 1 or 2 for whom they have caring responsibilities.
- 5,547 people are out of work and have no requirement to look for work. This group is made up of people with health conditions which are not expected to improve, and people with children aged under 1.
- 25,000 (approx.) benefit claimants are still to move across to UC. These are individuals who are claiming Employment and Support Allowance, Income Support, Housing Benefit and/or Job Seekers' Allowance.

# Impact - NCH

- Just over 6000 NCH tenants are claiming UC which is half of expected total and twice the number we reported last November.
- Rent arrears of NCH tenants on UC currently stands at £2,874,003. Last November the figure was £1,374,326.
- Average rent arrears of tenants on UC is £618.33, an increase from £560.72 last November.
- 1,818 Alternative Payment Arrangements (APAs) have been requested, compared to 795 APAs last year.
- Food bank referrals remain higher than pre-Universal Credit levels.
- There is a shortfall of £7.90 per week for people in supported accommodation, for which people cannot get Discretionary Housing Payments – this affects NCH as it is classed as a metropolitan housing association rather than social housing. Last year, we confirmed to you that this shortfall was £7.77 per week.
- Covid-19 has heavily impacted UC with a large increase in claims due to the pandemic. As claimants are not paid until five weeks after they have made their initial claim, this has had a negative affect on rent arrears.

# Impact – Welfare Rights

Enquiry	2019	2020
Welfare Benefits	1628	1306
Debt	489	359
Housing and other	20	14
Total	2137	1679

- The reduction in enquiries can be attributed to various factors
- Foodbank referrals have increased significantly, with 259 referrals since mid-March.
- Calls to Nottingham City Council’s ‘golden number’, set up to support vulnerable people during Covid-19, which related to financial worries were referred to Welfare Rights

# Trussell Trust

- We are working with local foodbanks to establish usage in Nottingham. Nationally the Trussell Trust has confirmed the following:
- During the start of the pandemic, around half of people who used a foodbank had never needed one before.
- Families with children have been most affected.
- Trussell Trust analysis forecasts a 61% increase in food parcels needed across its UK network in October to December – six parcels given out every minute.
- The Trust has made a series of recommendations regarding welfare assistance in light of their report:
- Protect people's incomes by locking in the £20 rise to Universal Credit brought in at the start of the pandemic.
- Help people hold on to more of their benefits through the economic crisis by suspending benefit debt deductions until a fairer approach to repayments can be introduced.
- Make local safety nets as strong as possible by investing £250m in local welfare assistance in England.

# Ongoing Concerns

- The majority of concerns remain the same as when we spoke with you last autumn:
  - The level of rent arrears continues to rise.
  - The five-week wait before the first award is received is still causing problems.
  - Repaying any advance payment means people struggle further down the line.
  - Council Tax support needs to be applied for separately.
- Additionally, plans for 'managed migration' remain unclear. There was little feedback on the pilot in Harrogate, except for reports that far fewer people moved onto Universal Credit than were expected to do so.
- Covid-19 has seen many more people move onto Universal Credit, meaning even more families and individuals are struggling to cope with low income and the wait for their first payment.
- Unemployment may rise further, potentially exacerbated by the end of the Government's furlough scheme and the additional 'Tier 2' lockdown measures which now apply in Nottingham City.

# Further Information

- For more information, please contact Elaine Fox, Corporate Policy and Performance Officer
- Information received from:
  - Nottingham City Homes
  - Welfare Rights
  - NCC Data and Information Team