Greater Manchester Welfare Reform Dashboard
Q1, 2019

The purpose of this report is to monitor the roll out of Universal Credit and other welfare reforms in Greater Manchester (GM) as well as to understand the impacts of these changes. The dashboard is used to inform the priorities and actions of the GM Universal Credit & Welfare Reform group, the focus on which is on employment and skills outcomes and opportunities for residents. It is also a resource available to partners in GM who are involved in, or have an interest in, welfare reform.

The dashboard is updated on a quarterly basis, but not all benefits data is updated on a quarterly schedule. Wherever possible data is presented by local authority as well as at GM level.

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Context
Since 2012 the welfare state has undergone profound change. The biggest changes have been to tax credits, housing benefit, child benefit and disability benefits. Linked to these is the introduction of Universal Credit (UC), which replaces six means-tested working age benefits – including housing benefit and tax credits - with a single payment. The roll-out of UC began with pilots in 2013 in GM and the surrounding areas, which allowed new claimants who were single and seeking work to claim UC instead of ‘legacy’ benefits. In 2016 UC full service for all claimant types began to be expanded nationally. The Glossary at the end of this dashboard contains a list of benefit definitions and Table 4 gives a timeline of UC full service roll out in GM.
Policy Update

- From April 2019 UC work allowance (the amount you can earn before a UC payment is affected) increased by £1,000 per year for eligible claimants (those with responsibility for a child, and those with limited capability for work). This equates to an additional £630 per year income. There has been no change to the taper rate.

- Most of the benefits for the additional costs of disability and for carers have been increased by 2.4%. The main rates for most working-age benefits, Child Benefit, and certain elements of Working Tax Credit and Child Tax Credit, will remain the same. This is the final year of the four year benefit freeze announced in the Summer Budget of 2015.

- The National Living Wage/National Minimum Wage is uprated in April each year. Since April 2019, the new rate for adults over the age of 25 increased by almost 5% to £8.21 per hour. The 21-24 rate is £7.70 an hour; 18-20 is £6.15; under 18 is £4.35; and the apprentice rate is £3.90 per hour.

- Changes will be implemented from May 2019 for couples of different ages claiming out-of-work benefits. Previously the couple could move to pension age benefits when the older partner reached state pension age. This will change to the date when the younger partner reaches state pension age. The older partner will not be subject to work-based conditionality if they are of pension age.

- Planning for the migration of legacy benefit claimants to Universal Credit is underway with Harrogate confirmed as the area where DWP will start the pilot. The initial numbers being migrated will be very small to allow for testing of approaches. The overall approach is being called ‘Who Knows Me’ and will explore which agencies already have a relationship with the individual and are best placed to assist them. There has been no further information on timescales for the wider managed migration roll out.

- In May 2019 the High Court ruled unlawful the government’s proposed regulations regarding the migration of Severe Disability Premium recipients to Universal Credit. The government had proposed to limit lost benefit income compensation to £80 for the 10,000 plus severely disabled persons who moved onto Universal Credit before 16th January 2019. Those moving after, as part of managed migration, would have been entitled to £180 a month. The Court agreed with the claimants’ argument that this difference is not justified.  

- The maximum benefit sanction duration is to be cut to 6 months. The Work and Pensions Secretary, Amber Rudd, announced in a speech on the 9th May. This change affects individuals subject to high level sanctions on their third sanction, who would have been subject to sanctions of three years. Individuals facing a high level sanction as their second sanction were already capped at 6 months. Some 36 people faced a high level sanction in GM in October 2018.

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1 See [https://www.leighday.co.uk/News/2019/May-2019/Government-defeated-again-as-High-Court-finds-atte](https://www.leighday.co.uk/News/2019/May-2019/Government-defeated-again-as-High-Court-finds-atte) for a statement regarding the court decision from the claimants’ lawyers.

2 See [https://www.ft.com/content/55ba5edc-724d-11e9-bf5c-6eeb837566c5](https://www.ft.com/content/55ba5edc-724d-11e9-bf5c-6eeb837566c5) (paywall)

3 Source: DWP, Stat-Xplore
Universal Credit

In March 2019 there were 113,060 people claiming Universal Credit in GM, a rise of over 10,100 since January 2019, a nearly 10% increase. About 6.4% of the working age population in GM was claiming UC (as of March 2019). All new claimants and all claimants with a change in circumstances are expected to claim UC – in a change since last quarter – regardless of the number of children in the household. Two groups are still eligible to make new claims for a legacy benefit. The first group is people living in supported, temporary, or sheltered accommodation. This group cannot claim UC for their housing costs, and so need to claim housing benefit. They will, however, need to claim UC for all other living costs. The second group is people who were entitled to a legacy benefit that included the Severe Disability Premium (SDP) at any point during the last calendar month. They will need to claim for a legacy benefit with the attached SDP. If they were not entitled to a legacy benefit including the SDP at any point in the last month, they must claim UC.

*Figure 1: People on Universal Credit by GM local authority: October April 2018-March 2019*

The latest household level data available is for November 2018, when there were 82,660 households claiming Universal Credit in GM, up from 67,670 reported in August 2018.

Conditionality

The majority of UC claimants are required to look for work (or to increase their hours). This proportion is slowly decreasing as full service rolls out and new types of claimants become eligible who do not have to search for work. In GM about 60% of people on UC are required to look for work. This is the same as in January 2019 - a fall of 3% on a year ago. Table 1 outlines the requirements for each conditionality regime. There were some 16,340 people in GM who were working but subject to UC conditionality in March 2019. Variations between local authorities in figure 2 partially reflect variation in their current stage of Universal Credit implementation.
Figure 2: Claimant conditionality regime by GM local authority: March 2019

Table 1: Conditionality Regimes

<table>
<thead>
<tr>
<th>Description</th>
<th>No work requirements</th>
<th>Planning for work</th>
<th>Preparing for work</th>
<th>Searching for work</th>
<th>Working - with requirements</th>
<th>Working - no requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>No work requirements</td>
<td>Not expected to work at present. Health or caring responsibility prevents claimant from working or preparing for work.</td>
<td>Expected to work in the future. Lone parent / lead carer of child aged 1. Claimant required to attend periodic interviews to plan for their return to work.</td>
<td>Expected to start preparing for future even with limited capability for work at the present time (ESA WRAG) or a child aged 2, the claimant is expected to take reasonable steps to prepare for work including Work Focused Interview, training courses, CV preparation etc.</td>
<td>Not working, or with very low earnings (less than £338 per month for a single person or £541 for a couple). Claimant is required to take full time action to secure work - or more / better paid work.</td>
<td>In work but could earn more, or not working but has a partner with low earnings. Subject to all work-related requirements.</td>
<td>Individual or household earnings over the level at which conditionality applies (equivalent to 35 hours per week at the minimum wage). Required to inform DWP of changes of circumstances, particularly if at risk of decreasing earnings or losing job.</td>
</tr>
</tbody>
</table>

Household entitlements
There are various elements of UC that a household may be eligible for, the two most common being housing and child. In November 2018, 59% of UC households in GM were receiving housing entitlement, 39% child, 6% carers, 2% child-care, and 2% disabled child. The majority of UC households in November were single people with no child dependants, forming 58% of UC claimants in GM. A further 30% were single people with children, 9% couples with children and 3% couples with no child dependants.
Figure 3: Household entitlements by GM local authority: November 2018

Source: DWP, Stat-Xplore

Work Status

Within GM, 32% of UC claimants are in some kind of employment (for more than one hour per week) and 68% are not in employment (March 2019). Since the previous quarter, the proportion of UC claimants in employment has decreased by 7 percentage points, while there was a corresponding increase in the share of claimants not in employment. This decrease is likely a product of UC rolling out to those who are not required to work. There is little variation between the local authorities in terms of the employment status of UC claimants, but again, these proportions are likely to change as different types of claimants move onto the new benefit.

Figure 4: Employment status of UC claimants by local authority: March 2019

Source: DWP, Stat-Xplore
Sanctions
To claim UC you must sign a claimant commitment, which details what you must do to receive the benefit. People who do not comply with some aspect of this requirement may have their money reduced or stopped (sanctioned). The sanction rate for people claiming UC in GM closely mirrors the national average. Historically, both rates decreased as UC rolled out to those who do not have to search for work. However these trends have recently changed. The national rate has levelled out at 1.8% – the latest available data shows no change from September to November 2018. The GM sanctioning rate, still fractionally beneath the national rate, shows a minor uptick in the same period, from 1.5% to 1.6%. In November 2018, 1,490 GM claimants were under sanction; the average for the three months to November 2018 was 1,330. The UC sanctioning rate is still lower than a year ago: for example, in November 2017 2,280 people were under sanction and the three monthly average to November was 2,290.

Figure 5: UC sanction rate over time: GM and GB

Source: DWP, Stat-Xplore

The majority of sanctions (89% in November 2018) were applied to people in the ‘searching for work’ regime, with a further 4.4% applied to those ‘working with requirements’ (in-work conditionality). Sanctions are carried over if a claimant moves between conditionality regimes, hence why the remaining sanctions are applied to people in regimes with little or no conditionality. A claimant can be referred for one of four sanction levels, depending on the reason for the referral, conditionality regime and number of previous sanctions.

<table>
<thead>
<tr>
<th>Table 2: Sanction Level</th>
<th>Conditionality Regime Level May Apply To</th>
</tr>
</thead>
<tbody>
<tr>
<td>High (13 weeks – 3 years)</td>
<td>Full conditionality only</td>
</tr>
<tr>
<td>Medium (28 days – 3 months)</td>
<td>Full conditionality only</td>
</tr>
<tr>
<td>Low (until compliance with claimant commitment plus 7-28 days)</td>
<td>Full conditionality, work preparation and work focussed interview groups</td>
</tr>
<tr>
<td>Lowest level (40% of benefit until compliance)</td>
<td>Work focussed interview group only</td>
</tr>
</tbody>
</table>
A referred sanction is not automatically carried out. The ‘original decision’ whether to impose the sanction is made by the Decision Maker in the claimant’s Jobcentre or Employment Scheme provider. In October 2018, the most recent date statistics are available for outcomes of the referral process, 46% of October’s 760 sanction referrals were overturned at this original decision stage. Across the entire sanctions process – after mandatory reconsideration and appeal – the overturn rate is marginally lower – approximately 44%. This is a marginal increase on the July 2018 figure of 40%.

Not all sanctions upheld are ultimately applied. A small percentage – 2% in October 2018 – are ‘reserved’ as the claimant is no longer entitled to or claiming Universal Credit. In these cases, the sanction may be re-imposed if the claimant restarts claiming Universal Credit.

Figure 6 below shows outcomes of October 2018 sanction referrals by level of sanction. As can be seen, the vast majority of sanction referrals were for low level sanctions, and high level sanction referrals were the least likely to result in a sanction being upheld. Sanction referral and decision data covers UC live service claimants only. Full service data is not available.

**Figure 6: Outcome of UC sanction referrals by level in GM: October 2018 (live service)**

![Sanction Referrals by Level](chart)

Source: DWP, Stat-Xplore

**Payment Delays**

Payment delays are most common among new claimants. They arise for such factors as delayed verification processes (either by DWP or the claimant) or late amendments to claims. Despite the known association between benefit delays and food bank usage, 4 regular statistics on UC payment delays are not published. Instead of regular figures, the DWP has produced a series of ad-hoc reports documenting the prevalence and length of payment delays at the national level. 5 The most recent report, published July 2018, describes how 17% of new claims in February 2018 did not receive full payment on time, and 10% did not receive any payment on time. Some 6% of new claimants did not

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4 E.g. Trussell Trust, 2019, [https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/](https://www.trusselltrust.org/news-and-blog/latest-stats/end-year-stats/) - benefit delays explain 20.34% of referrals to Trussell Trust food banks in 2017-2018, second only to ‘income not covering essential costs’ (33.11%), and greater than ‘benefit changes’ (17.36%).

receive full payment within 4 weeks of the payment due date, and 1% any payment within four weeks.

Disability Living Allowance and Personal Independence Payments

The Personal Independence Payment (PIP) is replacing Disability Living Allowance (DLA). In August 2018 (the latest period both PIP and DLA figures are available), there were 90,500 DLA claimants and 105,200 PIP claimants in GM, totalling 195,700. This represents an increase of approximately 5,900 PIP claimants and a decrease of approximately 6,100 DLA claimants since May 2018, (last quarter’s latest joint figures). This combines to a total decrease of 250 claimants. More recent figures are available for PIP claimants, which have continued to increase. In January 2019 there were approximately 111,300 PIP claimants in the GM area.

Every new claimant and every claimant moving onto PIP from DLA must apply and be assessed/reassessed by DWP contractors to determine their entitlement. Applications for PIP can then be awarded, disallowed pre-assessment (due to eligibility or not completing the application form correctly), disallowed post-assessment (as a result of the face-to-face assessment) or withdrawn by the applicant. The chart shows the balance between new claims and reassessments for PIP in the year to January 2019.

The figures show that new claims for PIP were much more likely to be disallowed (21% were disallowed pre-assessment and 34% post assessment). Among clients being reassessed for DLA, 7% were disallowed pre-assessment and 22% post-assessment. A total of 19,100 people in GM had their claims disallowed in the year to January 2019.

Figure 7: PIP assessments and new claims in GM: February 2018 – January 2019

![Figure 7: PIP assessments and new claims in GM: February 2018 – January 2019](image)

Source: DWP, Stat-Xplore

An independent review of PIP in 2017 was critical of the assessment system, after revealing 65% of those who appealed against rejected claims saw the decision overturned by judges.

\[6\]
Employment Support Allowance

The latest ESA figures available relate to August 2018 when there were 124,300 people in the ESA system in GM. This represents a decrease of 2,200 since May 2018. As UC full service is rolled out, people who were previously eligible for income-based (rather than contributions-based) ESA must apply for UC instead.

Benefit cap

The benefit cap limits the total amount of financial welfare support certain households can receive. It is currently set at £384.62 per week for couples with or without children, and single people with children, or £257.69 for single people without children.

Previously, data was only available on the benefit cap and Housing Benefit. New ONS Experimental Statistics allow analysis of the benefit cap and Universal Credit, both now, and stretching back to previous quarters. The data on UC and the cap is however more limited than that on Housing Benefit and the cap. As such, some measures described below refer only to households receiving Housing Benefit. This is stated clearly in the text.

In February 2019, there were 2,340 households receiving Housing Benefit subject to the benefit cap in GM, and another 820 households receiving UC subject to the benefit cap. This compares with 2,440 households receiving Housing Benefit subject to the cap in November 2018, and 550 individuals on UC subject to the cap.

About 70% of households subject to the cap in February 2019 were single parents and about 27% couples with children. The remainder were principally single people with no children. Women headed almost all (97%) of the single parent households receiving Housing Benefit and subject to the cap. Comparable data for UC and the cap is not available. The total number of households subject to the cap (Housing Benefit or UC) has risen since November 2018, from 2,990 to 3,160.

Figure 8: All households (both UC and Housing Benefit recipients) subject to the benefit cap by local authority and family type: February 2019

Sources: DWP, Stat-Xplore; DWP, Benefit cap quarterly statistics: GB households capped to February 2019
The average household receiving Housing Benefit subject to the cap in GM lost on average £53.61 per week. This ranges from £39.97 in Wigan to £64.21 in Manchester. Average loss reflects average family size. Figure 9 demonstrates that the majority of households receiving Housing Benefit and subject to the cap contain three or more children. Comparable data for UC and the benefit cap is not available. There are at least 7,900 children living in Housing Benefit benefit-capped households in GM. If average family size is the same for recipients of Housing Benefit and UC, the number of children living in benefit-capped households is likely over 10,500.

Figure 9: Households receiving Housing Benefit and subject to the benefit cap by number of children: February 2019

Source: DWP, Stat-Xplore

Tax credits

Tax credits closed to new claimants at the beginning of February 2018; claimants must now seek Universal Credit. The latest tax credits data available is for 2016/17\(^7\) when a total of 211,000 families received income from the tax credit system in GM. Some 72% of these families were in work (this figure is unchanged from the previous year). The total number of families in receipt of tax credits decreased by 14,000, and has been falling since 2011. Total spend on tax credits between 2015/16 and 2016/17 decreased by £75 million.

\(^7\) No new information is available on tax credits. The data is the same as for Q3 2018
Housing Benefit

Figure 11: Housing Benefit claimants by employment status, tenure and payment destination: November 2018

Figure 11 shows that 94.7% of Housing Benefit claims in GM social housing are paid directly to the landlord. A significant culture shift will be needed once managed migration to UC is underway, as social landlords will only receive their rent directly in a small number of cases. Furthermore, 30.8% of claims in the private rented sector are paid direct to the landlord. Many of these claimants are expected to need support with paying their rent following migration to UC.
Table 3 | Glossary
| Welfare reform | The collective name for changes to the social security system, i.e. money paid to individuals and families by the government to provide a minimum income and additional income for specific purposes/needs. |
| Universal Credit (UC) | The benefit system that replaces six means tested benefits with a single payment. Live service = Original version of UC which closed to new claimants on 1st January 2018. Full service = Full digital service. Claimant has an online account to manage their claim. |
| Conditionality | Obligations or patterns of behaviour that an individual must meet in order to gain access to welfare benefits and services. |
| Sanction | Penalties for not complying with conditionality. Sanctions reduce, suspend or end access to welfare benefits and services. |
| Employment Support Allowance (ESA) | A benefit for those who can’t work due to illness or disability. The ‘Support Group’ has no work related requirements. The ‘Work Related Activity Group’ are expected to undertake actions to move them closer to the labour market like work experience and interviews with their Work Coach. Contributions-based ESA (now called ‘new style’) is based on a person’s National Insurance contributions. Income-based ESA is based on income and is now being absorbed into UC. |
| Job Seekers Allowance (JSA) | A benefit for unemployed people who are looking for work. Contributions-based JSA (now called ‘new style’) is based on a person’s National Insurance contributions, can last for up to 182 days and can be claimed alongside UC (although the JSA amount will be deducted from the UC claim). Income-based JSA is based on income and is now being absorbed into UC. |
| Disability Living Allowance (DLA) | Benefit to help with the extra costs of living with a disability. Now being replaced with PIP. Includes a care component and a mobility component. |
| Personal Independence Payment (PIP) | Replacing DLA but has different qualifying conditions which are stricter and reduce the financial award levels from three to two. Includes a daily living component and a mobility component. In 2018 the DWP announced that they were reviewing all 1.6 million claims for PIP following a court ruling which stated that the PIP assessments of mental illness and its effects were discriminatory. |
| Assessment | In relation to ESA/DLA/PIP – to claim one of these benefits you must have a face-to-face eligibility assessment with a DWP contracted organisation. |
| Legacy benefits | The benefits to be replaced by UC: Job Seekers Allowance (income-based), Employment Support Allowance (income-based), Income Support, Housing Benefit, Working Tax Credit and Child Tax Credit. |
| Benefit cap | A limit on the total amount of benefit that working age people can get. Currently £384.62 per week for single people with children and all couples or £257.69 per week for single people without children. Some benefits are exempt, e.g. ESA Support Group, Working Tax Credit, DLA/PIP. |
| Possession order | Landlords or mortgage lenders can apply to the courts for a possession order to repossess a property from tenants. Various stages from the initial claim to repossession (eviction) mean the process takes on average 121 weeks. |
| Severe Disability Premium (SDP) | Disability premiums are extra amounts of money added to the following legacy benefits: Income Support; income-based Jobseeker’s Allowance (JSA); income-related Employment and Support Allowance (ESA); housing benefit. The Severe Disability Premium was the highest rate of disability premium |
under the legacy benefit system. No like-for-like replacement exists under UC. The government’s migration of legacy benefit SDP claimants has been subject to a series of high profile legal challenges.

**Tax credits**

Includes child tax credits for those with children, and working tax credits for those on low incomes. From April 2017, there has been 2 child limit on tax credit support. Additionally, the family element of tax credits was removed on the same date. Lastly, the remaining elements of the tax credits system are being absorbed by UC.

**Table 4 Universal Credit Full Service: GM rollout schedule**

<table>
<thead>
<tr>
<th>Month</th>
<th>Location Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2017</td>
<td>Oldham</td>
</tr>
<tr>
<td>July 2017</td>
<td>Trafford</td>
</tr>
<tr>
<td>October 2017</td>
<td>Manchester (Alexandra Park, Didsbury, Rusholme)</td>
</tr>
<tr>
<td>November 2017</td>
<td>Manchester (Newton Heath, Openshaw)</td>
</tr>
<tr>
<td>March 2018</td>
<td>Tameside</td>
</tr>
<tr>
<td>April 2018</td>
<td>Wigan</td>
</tr>
<tr>
<td>May 2018</td>
<td>Rochdale</td>
</tr>
<tr>
<td>July 2018</td>
<td>Bury, Manchester (Cheetham Hill, Wythenshawe)</td>
</tr>
<tr>
<td>September 2018</td>
<td>Salford</td>
</tr>
<tr>
<td>November 2018</td>
<td>Bolton, Stockport</td>
</tr>
</tbody>
</table>

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