



Advice NI Social Policy Briefing Paper: Move to Universal Credit

September 2022

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‘Move to Universal Credit’ Social Policy Briefing Paper

Welcome to the first in a series of Advice NI Social Policy Briefing Papers focussing on ‘Move to Universal Credit’. The aim of the series is to clarify the issues relating to Northern Ireland and above all to put benefit claimants at the heart of the process.

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Background

'Move to UC' refers to the UK government's plan to move 'legacy' benefit claimants on to Universal Credit (UC). The government recently announced its intention to complete the move to UC by 2024, with an accompanying 2022 to 2024 strategy for implementing the final phase of Universal Credit.¹ In Northern Ireland, the situation has added complexity. Social security is devolved, although the principle of parity and reliance on GB computer systems means that significant policy decisions follow a similar path. There is the added consideration of Assembly elections which took place on 5th May, with the possibility of protracted negotiations before the formation of a new Executive. This could impact on decision making around 'Move to UC' commencement, timescales and processes in NI.

In communication with the Department for Communities (DfC) Advice NI have been informed as follows: "While no definitive dates have been decided, we are all planning on the basis that migration is likely to begin sometime in 2023."²

Impact of 'Move to UC'

'Legacy' benefits refer to the working age means-tested benefits that are to be replaced by Universal Credit. They are:

- Income Support,
- Income-related Employment & Support Allowance
- Income-based Jobseekers Allowance
- Housing Benefit
- Child Tax Credit
- Working Tax Credit.

The number of legacy benefit claimants that will be affected by 'Move to UC' is set out at [Appendix 1](#). Whilst some claimants will be claiming more than one legacy benefit (for example ESA and Housing Benefit), and so the number of people affected will be less than the total number of claimants, it is also true to say that those people claiming more than one legacy benefit may be subjected to greater financial risk during the 'Move to UC' process, and may bear greater consequences should anything go wrong.

Universal Credit was introduced for new claimants in Northern Ireland in September 2017 under the [Welfare Reform \(NI\) Order 2015](#). It was rolled out on a phased geographical basis by post code aligned to Jobs & Benefits Office locations.³ Due in no small part to intensive lobbying by the independent advice sector, important flexibilities were secured which were unique to NI, namely: twice monthly payments the default option, as opposed to monthly payments; help with rent paid directly to the landlord the default option; and finally, the option for couples to request split payments instead of the single household payment.⁴

¹ Dr Thérèse Coffey (Secretary of State for Work & Pensions), 'Statement: Completing the Move to Universal Credit by 2024', [UIN HCWS780](#) (25 Apr 2022); Department for Work & Pensions (DWP), '[Policy Paper: Completing the move to Universal Credit](#)' (6 Jun 2022)

² Direct communication from the Department for Communities (DfC)

³ DfC, [Universal Credit roll out by postcode](#) (7 Nov 2017)

⁴ DfC, [Universal Credit Information Booklet](#) (Sep 2016) p. 7

Migration from 'legacy' benefits to Universal Credit

Migration can happen in one of two ways: where a change of circumstances means that the claimant must apply for Universal Credit, known as natural migration, and where the Department requires the claimant to move to the new benefit, which is called managed migration.

Natural migration

Whilst a 'legacy' benefit claimant could simply decide to claim Universal Credit, which would bring their 'legacy' benefit claim to an end, the majority of natural migration occurs due to a change in the claimant's circumstances (e.g. birth of first child, a partner moving in or out, bereavement of spouse/partner, move into rented accommodation). The specific set of changes that will require a claimant to make a claim for Universal Credit have been defined by the Department for Work and Pensions in its [guidance for local authorities](#). Some of these are due to the way in which the 'legacy' benefits are administered, while others are established in legislation relating to transitional provisions.⁵

Managed migration

At a certain point determined by the Department, claimants of 'legacy' benefits will be collectively moved from 'legacy' benefits to UC regardless of their circumstances. At the start of the process claimants will receive a [Migration Notice](#) giving them 3 months from the date of the letter to submit a claim Universal Credit. After a significant delay, due in large part to the impact of the Covid-19 pandemic, this process has now begun in Great Britain and is expected to commence in 2023 in NI, with managed migration set to be completed by 2024.⁶

Transitional Protection

Advice NI [warns](#) 'legacy' benefit claimants to be extremely cautious about choosing to move to Universal Credit before managed migration commences. One of the main reasons for this is that claimants moved by the Department under the managed migration process will be entitled to 'Transitional Protection' – a top-up to a claimant's UC award to ensure that the amount of UC they receive is equal to the amount they were receiving in the 'legacy' system. Claimants who migrate naturally to Universal Credit will not be entitled to this protection.

'Legacy' Benefit Run-On

When you claim Universal Credit, any benefits or tax credits it replaces will stop, however there is an automatic 2-week 'run-on' facility for those in receipt of Jobseeker's Allowance, Employment and Support Allowance, Income Support and Housing Benefit. There is no 2-week 'run-on' facility for either Child or Working Tax Credit.⁷

⁵ [The Universal Credit \(Transitional Provisions\) Regulations \(Northern Ireland\) 2016](#) (see [Advice for Decision Making Guide: Chapter M2](#) for application of these provisions)

⁶ See the DWP's policy paper, [Completing the move to Universal Credit](#) (6 Jun 2022), for detailed analysis of the Department's Move to UC strategy. No equivalent strategy has yet been published by DfC.

⁷ [Universal Credit if you're claiming other benefits or tax credits](#) (see also, [ADM Memo 2/21](#))

Better off or worse off?

Comparing the amount of money someone would receive on Universal Credit as opposed to their current 'legacy' benefit(s) is often a complicated task,⁸ but there are some fundamental truths:

- While some people may be entitled to more money under UC than they would have received in the 'legacy' benefits system, others will be entitled to less.
- People who move from 'legacy' benefits to Universal Credit by natural migration and find themselves worse off will not be able to return to their 'legacy' benefits and will simply be expected to cope with the loss.
- People who wait until they are called forward for 'managed migration' will automatically avail of '[Transitional Protection](#)' and therefore should not be worse off, at least in the early stages of their claim.
- Universal Credit has a harsher [sanctions regime](#).
- Arrears and indebtedness may be inevitable due to the minimum 5-week wait for the [first UC payment](#).
- Any mistakes, including 'Official Errors' made by the Department, leading to an [overpayment](#) of Universal Credit are recoverable from the claimant. However, it is important to note that in exceptional circumstances the Department has the discretion to [waive recovery](#) of all or part of an overpayment, as well as to reduce the rate at which the overpayment is repaid. Much more needs to be done to restore confidence in the overpayment recovery system by ensuring everyone affected by overpayments are made aware of the existence of waivers and how to seek one.⁹

It is important to reiterate that once a new claim to UC is made, all 'legacy' benefit claims are terminated and households cannot go back to their previous benefits. It is not possible to claim 'legacy' benefits and Universal Credit at the same time.

Types of claimant that might see a higher entitlement under UC

- Members of the Employment and Support Allowance (ESA) Support Group who are not in receipt of the Severe Disability Premium.
- In-work households receiving Housing Benefit only, or Working Tax Credit and Housing Benefit, are likely to have higher entitlements under UC as the earnings taper rules are more generous.
- People who do not work enough hours to receive Working Tax Credit.
- Households not currently claiming all the 'legacy' benefits to which they are entitled.

⁸ The DWP provide estimations of potential entitlement and a number of case studies in [Completing the move to Universal Credit](#)

⁹ Advice NI is campaigning for action from both the DWP and DfC in this regard, and a [petition](#) is live at the UK Parliament website. We have also published a separate [Policy & Information Briefing](#) on overpayment recovery for the benefit of advisers and their clients.

Types of claimant that might see a lower entitlement under UC

Remember that these claimants are likely to be eligible for [‘Transitional Protection’](#) if they are moved through the managed migration process.

- Households in receipt of Employment and Support Allowance (ESA) who are in receipt of the Severe Disability Premium and Enhanced Disability Premium.
- Households with the lower disabled child addition on ‘legacy’ benefits.
- Self-employed claimants who are subject to the Minimum Income Floor after the 12-month grace period has ended.
- In-work households that work a specific number of hours (e.g. lone parent working 16 hours claiming Working Tax Credits).
- Households receiving Tax Credits with savings of more than £6,000 – in contrast to Tax Credits, which have no capital limits, UC entitlement is reduced where there are savings of more than £6,000, whilst claimants with savings of more than £16,000 are not normally eligible for UC.

Claimants should also be aware that [conditionality](#) within UC can extend to those in work and therefore can bring with it the risk of [sanctions](#) (a reduction in the UC award where work requirements are not met without good reason). A similar sanctions regime does not exist within the [Tax Credits system](#).

Another potential impact on the amount of UC ultimately payable is that any outstanding ‘legacy’ benefit debt can continue to be [recovered from UC payments](#). Anyone worried about deductions and their ability to repay should [get in touch](#) or speak to their [local advice centre](#) to speak to an adviser before contacting [Debt Management](#).

How ready are you?

Have you considered whether you will be better off or worse off?

Always seek [independent advice](#) before deciding whether to move from ‘legacy’ benefits to Universal Credit.

Have you got a National Insurance number and proof of identity?

You may be able to prove your identity online or you may have to do this at your [local Jobs & Benefits office](#). More information is available on National Insurance numbers, and how to obtain one, at [nidirect](#).

Do you have an email address, and do you need help using the internet or a computer?

You will be expected to [apply for Universal Credit](#), [agree your UC Commitment](#) and [maintain your claim](#) through your [online account](#). This means you will need the skills to use the internet, have access to a computer, and be able to afford the cost of accessing the internet. If you need help with developing your digital skills, [get in touch](#) as we may be able to assist.

Do you use a bank account to manage your money?

Before you claim Universal Credit, you will need to set up a bank or building society account to [get your payment](#).

Do you have savings?

If you or your partner have £6,000 or less in [savings](#), this won't affect your claim for Universal Credit. However, if you and/or your partner have £16,000 or more in savings, you won't be entitled to Universal Credit.

How often are you paid (from work, tax credits or other benefits)?

You will normally be [paid Universal Credit](#) twice a month, although you can request a monthly payment.

Do you pay rent, is your rent paid on your behalf, or do you have a mortgage?

Your Universal Credit payment may include a '[Housing Element](#)' if you are renting a property. This will be paid directly to your landlord, although you will be able to opt out of direct payments, subject to certain conditions – for example, you are not in arrears. Unlike Housing Benefit, UC will not pay any money towards your rates, so if you are responsible for paying rates on your property you will need to apply separately for a [Rate Rebate](#). Homeowners can access a loan facility, [Support for Mortgage Interest \(SMI\)](#), which provides help towards mortgage interest payments.

What is the make-up of your household?

You will normally get one [Universal Credit payment](#) for you and your partner (if applicable), although you can request a split payment. Your payment may also include the following elements in addition to your standard amount:

- an amount for [children](#) (subject to the [2 child rule](#)), an extra amount if your [child is disabled](#), and an amount in respect of [childcare costs](#);
- an amount due to a [disability or health condition](#);
- an amount if you are a [carer](#);
- an amount towards your [rent](#).

Universal Credit Contingency Fund Grant

A [Universal Credit Contingency Fund short-term living expenses grant](#) is extra financial support which may be available if you do not have enough money to live whilst you are waiting for your first full Universal Credit payment. You will not have to pay this back. To receive a short-term living expenses grant you must be in a crisis situation 'which puts you or your immediate family's health, safety or well-being at significant risk'. You apply for the grant through the [Finance Support Service](#).

We strongly recommend that this facility should always be sought before accessing a [Universal Credit 'Advance' loan](#), which you will have to pay back from your future Universal Credit payments at a rate which is agreed with the Department.

Independent Advice

The independent advice network has been to the fore in tackling need over many years, most notably during the Covid-19 crisis, and stands ready to help people with ‘Move to Universal Credit’ whenever it commences in NI.¹⁰

Formal recognition of the importance of the role of the independent advice sector in assisting people to deal with their social security and welfare reform problems can be traced back to the Welfare Mitigations Working Group (‘Evason’) Report:

It is acknowledged in the [Fresh Start] Agreement that access to skilled, independent advice will be of critical importance in managing, and helping people to negotiate all of the changes in the legislation. There are many critical points at which people – especially those who are vulnerable as a result of, for example, mental health problems – will need to be directed towards the support that will be available. We can foresee four major areas of work: the time limiting of contributory ESA; the move from DLA to PIP for those of working age; the new sanctions regime and the introduction of Universal Credit.¹¹

The advice sector itself set out its role in the publication ‘Why advice matters’, stating:

The message of this discussion paper is that advice matters. Frontline advisers, backed up with specialist legal advice, provide an indispensable service in order to support people to know about and access their rights and entitlements.

...

Independent advice agencies provide services in every community in every locality in Northern Ireland. Access to advice supports people to receive the benefits they are entitled to or resolve problems before they escalate. Timely debt advice, for example, enables people to alleviate their money problems and take charge of their financial future. Newcomers to Northern Ireland face particular difficulties and the advice sector plays a critical role in enabling migrants to enjoy their legal rights and entitlements.

...

[Regional support organisations provide] infra-structural support to frontline providers through a range of services; for example, information, training, ICT support, help with addressing social policy issues, assistance with governance and finance/funding issues and a broad range of other support functions to allow the frontline services to function effectively.¹²

¹⁰ See the Advice NI Briefing Paper, [The Anti Poverty Strategy and independent advice](#) (Dec 2021), which sets out a vision for the independent advice sector.

¹¹ [Welfare Reform Mitigations Working Group Report](#) (Jan 2016) p. 11

¹² Northern Ireland Advice Services Consortium (NIASC), [Why advice matters](#) (Jun 2013) pp. 3-5

Following a decade of austerity and a year of Covid-19, the independent advice sector is ready and willing to play its part to the full in tackling poverty and addressing the future challenges as society recovers from the pandemic. We will continue to focus on making people's lives better and changing how things are done to ensure a fairer and more equal society that supports those who need it most.

Advice NI press release, 'Don't Gamble on Universal Credit'

In response to the Department's updated strategy for managed migration, Advice NI has produced a [press release](#) aimed at providing guidance to claimants in receipt of legacy benefits who may be thinking about voluntarily moving to Universal Credit:

The key message is 'don't gamble on Universal Credit'. If you are currently receiving legacy benefits and are thinking about moving to Universal Credit ALWAYS seek independent advice so that you can make an informed choice. Otherwise you should wait until you are called forward for managed migration when you will be protected against any potential loss of income.

Appendix 1 – Number of ‘legacy’ benefit claimants in NI

According to official Department for Communities data (published May 2022) for NI¹³ and data received by Advice NI from NIHE and HMRC, the number of ‘legacy’ benefit claimants in NI are as follows:

Income Support

| Local Government District | # of Claimants |
|--------------------------------------|-----------------------|
| Antrim and Newtownabbey | 920 |
| Ards and North Down | 810 |
| Armagh City, Banbridge and Craigavon | 1,380 |
| Belfast | 5,120 |
| Causeway Coast and Glens | 1,000 |
| Derry City and Strabane | 2,120 |
| Fermanagh and Omagh | 900 |
| Lisburn and Castlereagh | 660 |
| Mid and East Antrim | 790 |
| Mid Ulster | 1,060 |
| Newry, Mourne and Down | 1,620 |
| Unknown | 0 |
| Total | 16,400 |

Employment & Support Allowance

| Type of ESA Claim | # of Claimants |
|---------------------------------------|-----------------------|
| Income-Related | 45,450 |
| Contribution-Based and Income-Related | 23,730 |
| Contribution-Based | 33,950 |
| Credits Only | 5,910 |
| Total | 109,040 |

| Local Government District | # of Claimants |
|--------------------------------------|-----------------------|
| Antrim and Newtownabbey | 7,580 |
| Ards and North Down | 7,490 |
| Armagh City, Banbridge and Craigavon | 11,190 |
| Belfast | 25,570 |
| Causeway Coast and Glens | 8,380 |
| Derry City and Strabane | 11,690 |
| Fermanagh and Omagh | 6,560 |
| Lisburn and Castlereagh | 5,770 |
| Mid and East Antrim | 7,590 |
| Mid Ulster | 7,250 |
| Newry, Mourne and Down | 9,820 |
| Unknown | 150 |
| Total | 109,040 |

¹³ [Benefits Statistics Summary Publication \(National Statistics\) - February 2022](#)

Job Seekers Allowance

| Type of ESA Claim | # of Claimants |
|---------------------------------------|----------------|
| Income-Related | 800 |
| Contribution-Based and Income-Related | 0 |
| Contribution-Based | 5,810 |
| Credits Only | 1,200 |
| Total | 7,810 |

| Local Government District | # of Claimants |
|--------------------------------------|----------------|
| Antrim and Newtownabbey | 530 |
| Ards and North Down | 590 |
| Armagh City, Banbridge and Craigavon | 590 |
| Belfast | 570 |
| Causeway Coast and Glens | 570 |
| Derry City and Strabane | 1,320 |
| Fermanagh and Omagh | 400 |
| Lisburn and Castlereagh | 440 |
| Mid and East Antrim | 690 |
| Mid Ulster | 330 |
| Newry, Mourne and Down | 570 |
| Unknown | 10 |
| Total | 7,810 |

Housing Benefit¹⁴

| Local Government District | # of Claimants |
|--------------------------------------|----------------|
| Antrim and Newtownabbey | 4,262 |
| Ards and North Down | 4,605 |
| Armagh City, Banbridge and Craigavon | 5,920 |
| Belfast | 21,686 |
| Causeway Coast and Glens | 4,657 |
| Derry City and Strabane | 9,969 |
| Fermanagh and Omagh | 3,831 |
| Lisburn and Castlereagh | 4,468 |
| Mid and East Antrim | 4,414 |
| Mid Ulster | 3,562 |
| Newry, Mourne and Down | 5,975 |
| Total | 73,349 |

Tax Credits¹⁵

| Type of Tax Credits claim | # of Claimants |
|---------------------------|----------------|
| Child Tax Credit | 62,900 |
| Working Tax Credit | 33,600 |
| Total | 70,600 |

¹⁴ Sourced from NIHE

¹⁵ Sourced from HMRC

Appendix 2 – Universal Credit claimant count

According to the latest Department for Communities data, published in May 2022,¹⁶ the latest UC statistics are as follows:

| Local Government District | # of Claimants |
|--------------------------------------|-----------------------|
| Antrim and Newtownabbey | 8,350 |
| Ards and North Down | 14,320 |
| Armagh City, Banbridge and Craigavon | 9,160 |
| Belfast | 31,130 |
| Causeway Coast and Glens | 10,670 |
| Derry City and Strabane | 14,030 |
| Fermanagh and Omagh | 6,670 |
| Lisburn and Castlereagh | 6,860 |
| Mid and East Antrim | 8,560 |
| Mid Ulster | 8,490 |
| Newry, Mourne and Down | 11,800 |
| Unknown | 2,060 |
| Total | 132,090 |

The total number of households where Universal Credit is received currently stands at 115,430. This figure is not broken down by local government district.

¹⁶ [Universal Credit: Northern Ireland – Data to February 2022](#)



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