

UPDATE ON DWP / HMRC BENEFITS IN SUFFOLK

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Overview of benefit system

- The benefit system includes benefits from DWP and HMRC:

DWP Benefits	
• Attendance Allowance (AA)	• Income Support (IS)
• Bereavement Benefits (BB)	• Industrial Injuries Disablement Benefit (IIDB)
• Bereavement Support Payment	• Jobseekers Allowance (JSA)
• Carer's Allowance (CA)	• Pension Credit (PC)
• Disability Living Allowance (DLA)	• Personal Independence Payment (PIP)
• Employment and Support Allowance (ESA)	• State Pension (SP)
• Housing Benefit (HB)	• Universal Credit (UC)
• Incapacity Benefit and Severe Disablement Allowance (IBSDA)	• Widow's Benefit (WB)
• Incapacity Benefits Reassessment (IBR)	
HMRC Benefits	
• Child Tax Credit	• Working Tax Credit

- Universal Credit (UC) was brought in as part of the welfare reform in 2010 to streamline the benefits system. UC combines six "legacy" benefits into a single monthly payment:
 - Income-based Jobseeker's Allowance
 - Income-related Employment and Support Allowance
 - Income Support
 - Housing Benefit
 - Working Tax Credit
 - Child Tax Credit
- Universal Credit is a monthly payment to [help with living costs for those on a low income or out of work](#). An extra amount of Universal Credit is available for those with a [health condition or disability](#) that limits how much work they can do. The Department for Work and Pensions (DWP) refers to this as '[capability to work](#)'.

UC Implementation

UC roll out started in 2013 and by the [end of 2018, UC was rolled out to all Jobcentres for new claimants](#). In March 2020, work was paused on moving those claiming legacy benefits (“legacy claimants”) to UC to focus on response to the pandemic. The Department for Work and Pensions (DWP) resumed the roll out in mid-2022 and aims to complete the implementation of UC by 2024. UC is implemented via a ‘three-track’ approach

- 1. Natural migration** has been in place since the introduction of UC. If claimants experience a change in circumstances while on legacy benefits which previously required a new claim to another legacy benefit replaced by UC, they will need to make a claim to UC. They would then naturally migrate to UC and any legacy claim will be closed.
- 2. Voluntary migration** (“choose to move”) - legacy claimants can also choose to move by making a claim for UC (and by default closing their legacy claim) but should only do this if they think they will be better off on UC. (DWP want to encourage people who could be better off financially to consider moving to UC and estimate more than half of current claimants will be better off.)
- 3. Managed migration** - for those claimants who do not choose to move and have not migrated naturally following a change of circumstance, DWP manage their migration to UC. Managed migration is a significant undertaking and requires the department to design and build an end-to-end service that safely supports claimants to make the move to UC. This includes being able to confidently identify and contact eligible claimants, appropriately support claimants through their claim and accurately calculate transitional protection for eligible claimants, to ensure their entitlement on UC at the point of managed transition is not below that of legacy benefits.

Estimates of UC entitlements by hierarchical legacy benefit type (including the impact of changes to the taper rate and work allowances from the 2021 Budget), Great Britain, April 2022

Legacy benefit type	Higher Entitlement	No Change	Lower Entitlement (before protections)	Total
JSA	<50,000	<50,000	<50,000	100,000
ESA	600,000	100,000	500,000	1,200,000
IS	<50,000	100,000	<50,000	200,000
Tax Credits	700,000	<50,000	300,000	1,000,000
HB only	100,000	<50,000	<50,000	100,000
Mixed Age Couples	<50,000	<50,000	<50,000	<50,000
Total	1,400,000	300,000	900,000	2,600,000
% of total	55%	10%	35%	

In April 2022, there were 4.1m households (HH) across GB in payment on UC. However, there were around 2.6m HH in GB claiming legacy benefits and tax credits who have yet to move over to UC.



THE LEGACY BENEFITS

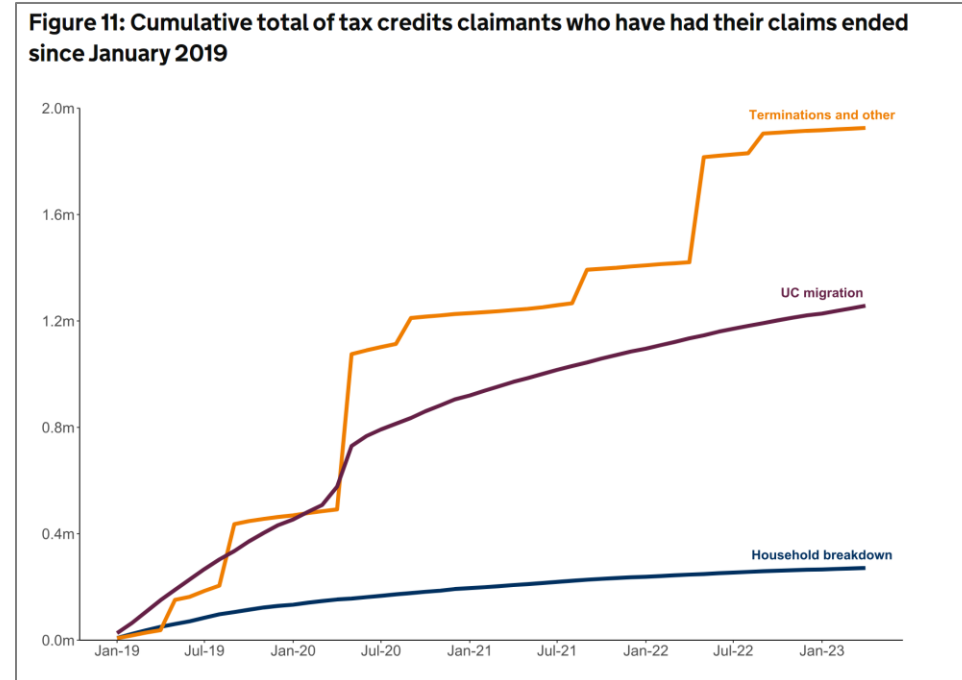
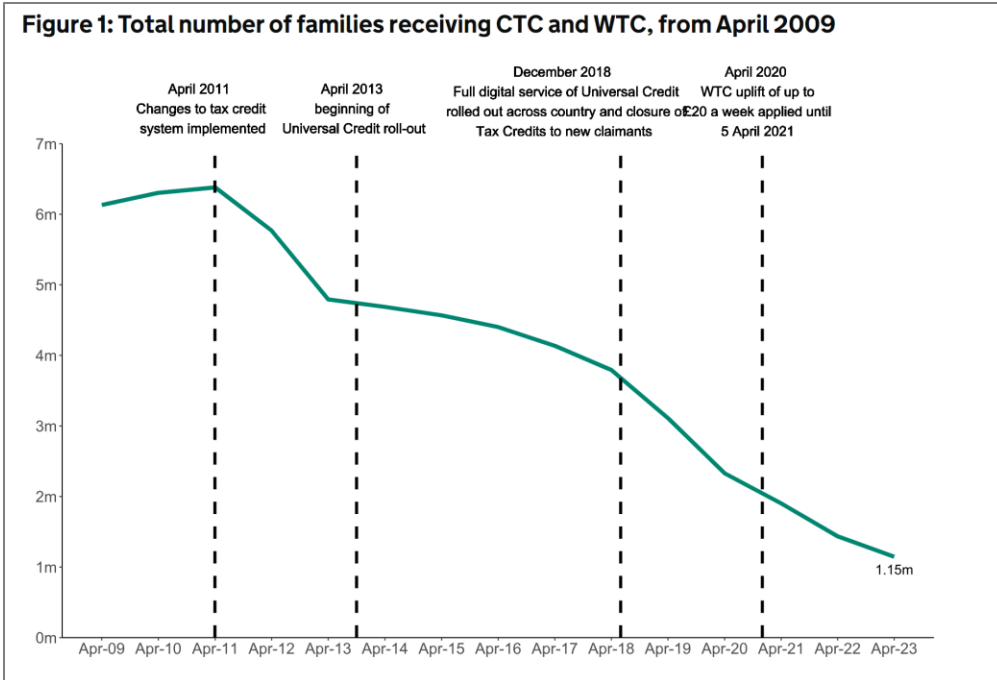


The Legacy Benefits – HMRC Tax Credits

- 1. Working Tax Credit (WTC)** is a means-tested benefit made to people who work and have a low income. The following are groups that are entitled to WTC
 - Lone parents working 16 hours or more a week
 - Couples with dependent children where:
 - one member is working 24 hours or more a week;
 - both members are working and between them work a total of 24 hours or more a week, as long as one is working 16 hrs or more a week;
 - one member is working 16 hours or more a week and the other is 'incapacitated';
 - one member is working 16 hours or more a week and the other is in prison, or in hospital;
 - one member is working 16 hours or more a week and the other member is entitled to Carer's Allowance.
 - Single or couples (with or without children) where the working person is aged 60 or over and working 16 hours or more a week.
 - Single people or couples (with or without children) where at least one of the working people works 16 hours or more a week and has a physical or mental disability that puts them at a disadvantage in getting a job and who is currently receiving or has recently received some form of disability benefit.
 - Single people or couples without children where one or both are working but at least one of the working people is aged 25 or over and working 30 hours or more a week.
- 2. Child tax credit (CTC)** is paid by HMRC to support families with children. It is paid independently of child benefit and is paid whether claimant is working or not.
 - Claimants have to be
 - be aged 16 or over;
 - be 'in the UK' – i.e., be present, ordinarily resident and for have a right to reside in the UK.
 - responsible for a child or qualifying young person, i.e.,
 - The child or young person 'normally lives with you'; or
 - If the child or young person normally lives with both you and with another person, then you will be responsible for them if you have 'main responsibility' for them.
 - From 6 April 2017, a 2-child limit policy for child tax credit, universal credit and housing benefit was introduced; i.e., if a third or subsequent child was on or after 6 April 2017 there may not be payment of the child element of CTC for them unless an exception applies. Claimants are still entitled (if conditions met) to the disability element of CTC and the childcare element of WTC for all children.

The number of families claiming CTC and WTC has steadily fallen across the UK since April 2011. Most new claims for tax credits were stopped in January 2019. When a claim ends, a 'claim end reason' is recorded, which is reported as 'UC migration', 'Household breakdown' or 'Terminations & other'.

Note – detail on 'Terminations & other' reason (orange line in figure 11) not available .

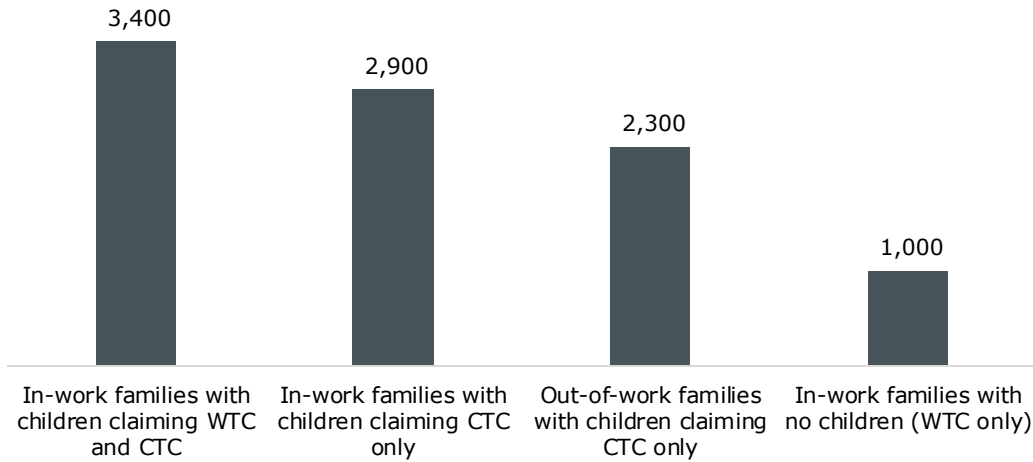


Since January 2019:

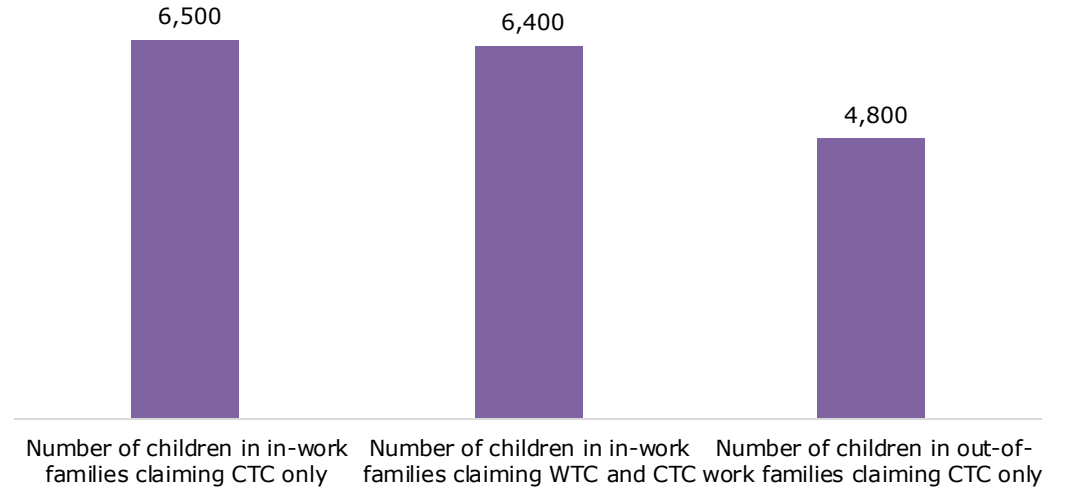
- 1,257,000 tax credit claims terminated due to a move to UC. The monthly transfer to UC between May 2022 to April 2023 was between 7,000 and 14,000. There was a higher number of transfers in April and May 2020 due to impact of Covid-19.
- 271,000 claims ended due to household breakdown
- 1,926,000 claims have ended or been terminated for other reasons. There were a larger number of claims terminated in autumn due to annual renewal process for tax credits and due to the start of the academic year when dependent children leave education and families are no longer eligible for tax credits.

In April 2023, there were 9,600 families claiming tax credits across Suffolk - with 17,700 children living in these tax credit claiming families.

Number of families on HMRC tax credits, Suffolk, April 2023 (Source: HMRC, geographical tables)



Number of children in families on HMRC tax credits, Suffolk, April 2023 (Source: HMRC, geographical tables)



Of the 9,600 Suffolk families claiming tax credits in April 2023:

- 3,400 (35%) were in-work families w. children claiming both CTC and WTC (40% nationally)
- 2,900 (30%) in-work families w. children claiming CTC only (23% nationally)
- 2,300 (24%) were out of work families with children claiming CTC only (27% nationally)
- 1,000 (10%) were in-work families with no children claiming WTC only (10% nationally)

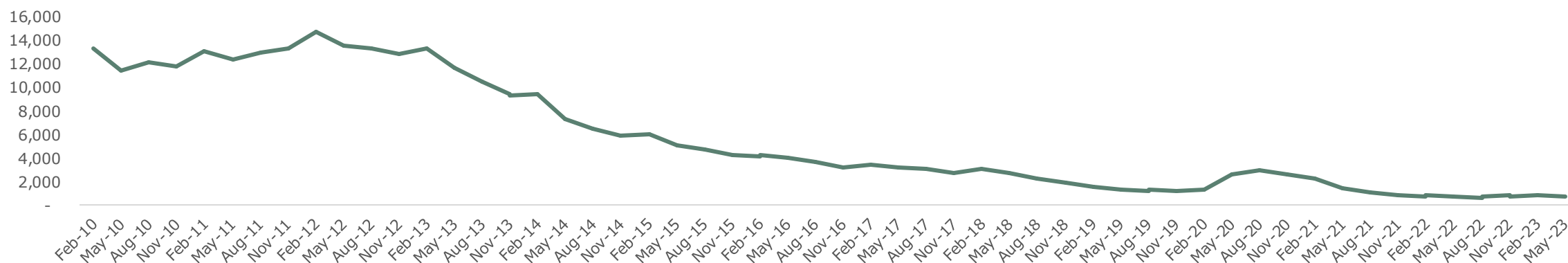
The Legacy Benefits – DWP Jobseeker's Allowance (JSA)

In the three months from May 2023, there were 734 JSA claimants in Suffolk.

Jobseeker's Allowance (JSA) is a working age benefit for people who are not in full time employment (work less than 16 hours per week) and are available for, and actively seeking, work. [Income-based JSA is being replaced by Universal Credit \(UC\)](#). JSA is either contribution-based or income-based depending on the jobseeker's circumstances:

- **Contribution-based JSA:** If enough Class 1 National Insurance contributions have been paid. Available if partner works or applicant has savings but not if they have never worked. ['New style' JSA is a type of contribution-based JSA which can be applied for if applicant lives in a UC full service area - it can be claimed on its own or at the same time as UC.](#)
- **Income-based JSA:** available if applicant works less than 16 hours per week on average; their partner works less than 24 hours per week on average; applicant and partner have £16,000 or less in savings combined. [Cannot get income-based JSA and UC at the same time.](#)

Number of JSA claimants, Suffolk, Feb-10 to Jun-23
(Source: DWP, StatXplore)



Note – DWP does not publish data separately for the different types of JSA.

Source: DWP, Stat Xplore.

The Legacy Benefits – DWP Employment and Support Allowance (ESA)

In the three months between May and July 2023, there were 14,430 ESA claimants in Suffolk.

ESA is an income replacement benefit for people below state pension age with a health condition or disability, who are unable to work. Applicants are assessed through the Work Capability Assessment (WCA), with a possible outcome of:

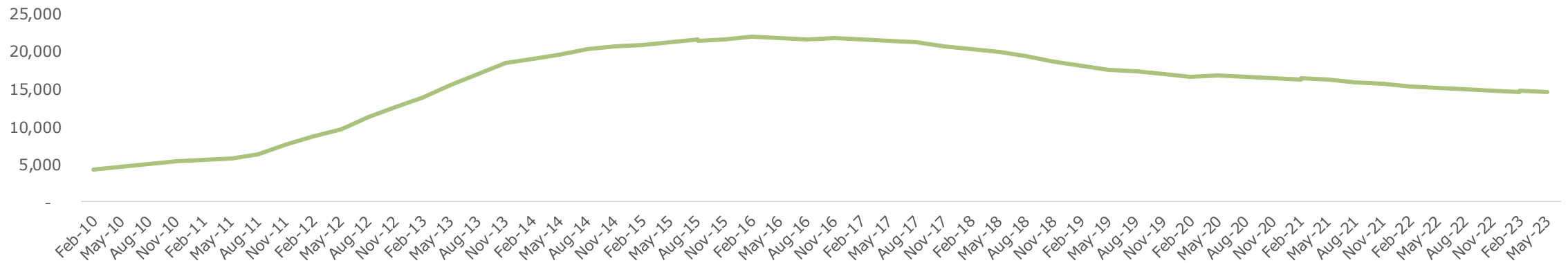
- Suitable for the ESA Work Related Activity Group (where claimants are able to undertake and participate in work-related activity to help them move towards the labour market),
- Suitable for the ESA Support Group (where claimants are not required to undertake any interviews or work-related activity), or
- Fit for work and therefore not entitled to ESA.

Moving to UC and New Style ESA

- ESA Support Group claimants - UC may use the ESA WCA outcome decision for those claimants in the ESA Support Group to move them across more easily.
- However, for those that have a health condition or disability limiting their ability to work may also be able to now get a 'New Style ESA', which is a contributory benefit. It works like 'contribution-based' JSA, and is available to those who have enough National Insurance contributions in the 2 full tax years before the year they are claiming in. New Style ESA can be claimed on its own or at the same time as UC. If a claimant gets both benefits their UC payment is reduced by the amount they get for New Style ESA.

Number of ESA claimants, Suffolk, Feb-10 to Jul-23

(Source: DWP, StatXplore)



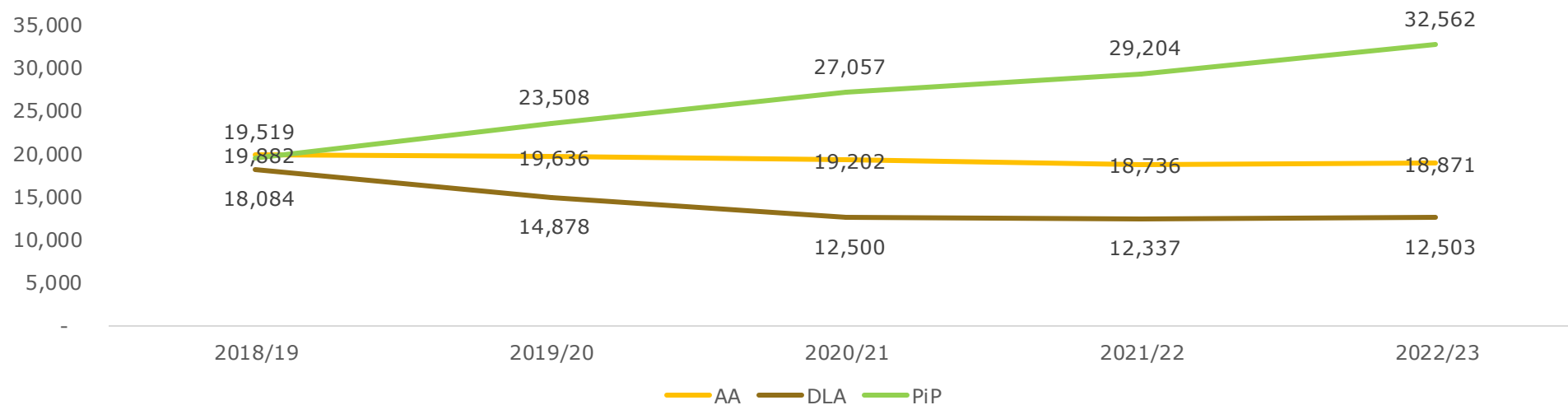
Note – DWP does not publish data separately for the different types of ESA

Source: DWP, Stat Xplore

The Legacy Benefits – DWP Employment and Support Allowance (ESA) continued

- If a claimant is able to manage their health condition or disability so that they are able to work, even if only for a few hours a week, they can only be referred for a WCA where earnings are below a specified amount. Depending on the WCA outcome claimants may be eligible for payments under UC and / or the following benefits:
 - Attendance Allowance (AA)
 - Armed Forces Independence Payment (AFIP) – *no data available*
 - Disability Living Allowance (DLA)
 - Personal Independence Payment (PIP) - [from 8 April 2013 DLA for working-age people has been replaced by PIP.](#)

Number of AA, DLA and PIP claimants, Suffolk, 2018/19-2022/23
(Source: DWP, Stat Xplore)



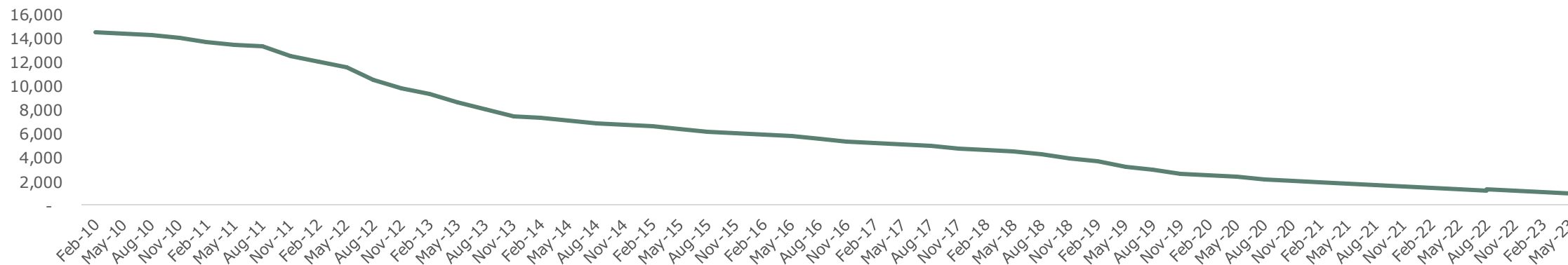
The Legacy Benefits – DWP Income Support (IS)

In the three months from May 2023, there were 1,075 IS claimants in Suffolk.

IS is intended to help cover costs for people on low incomes who do not have to be available for employment.

- It has been replaced by Universal Credit (UC) and as of January 2021 it is no longer possible to make a new claim for IS. IS cannot be claimed at the same time as UC. The main groups of people who continue to receive it are lone parents, carers and people on Incapacity Benefits.
- The amount of IS that a claimant receives depends mainly upon their age; whether they have a partner, whether they have special needs such as a disability or caring responsibilities; and whether they have liabilities for certain types of housing costs such as mortgage interest payments.
- The maximum amount that a claimant can receive is normally reduced by income from other types of benefits or other sources.

Number of Income Support claimants, Suffolk, Feb-10 to Jul-23
(Source: DWP, StatXplore)

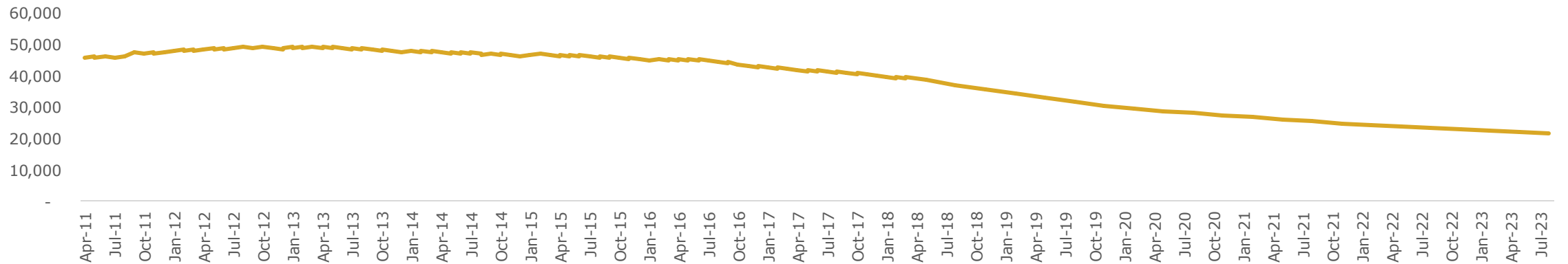


The Legacy Benefits – Housing Benefit (HB)

In the three months from May 2023, there were 21,715 HB claimants in Suffolk.

HB is designed to help claimants pay rent if they are on a low income. It can pay for part or all of a person's rent. How much a claimant receives depends on their income and circumstances and can be applied for by people who are unemployed or working.

Number of Housing Benefit claimants, Suffolk, Apr-11 to Jul-23
(Source: DWP, StatXplore)





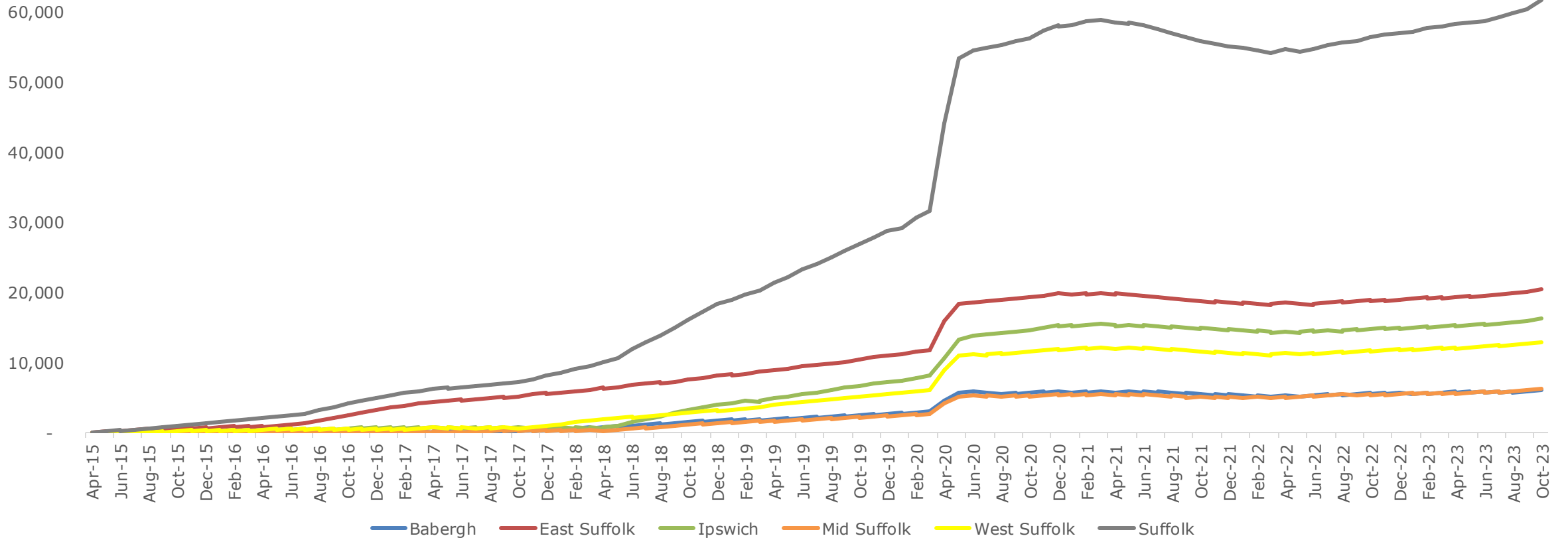
UNIVERSAL CREDIT



As can be expected, the number of UC claimants has continually risen since roll-out, with new claimants being put on UC and existing claimants being moved off DWP legacy benefits. UC numbers increased significantly with the start of the pandemic and the associated measures taken. Numbers have continued to rise post-COVID, with the Cost-of-Living crisis.

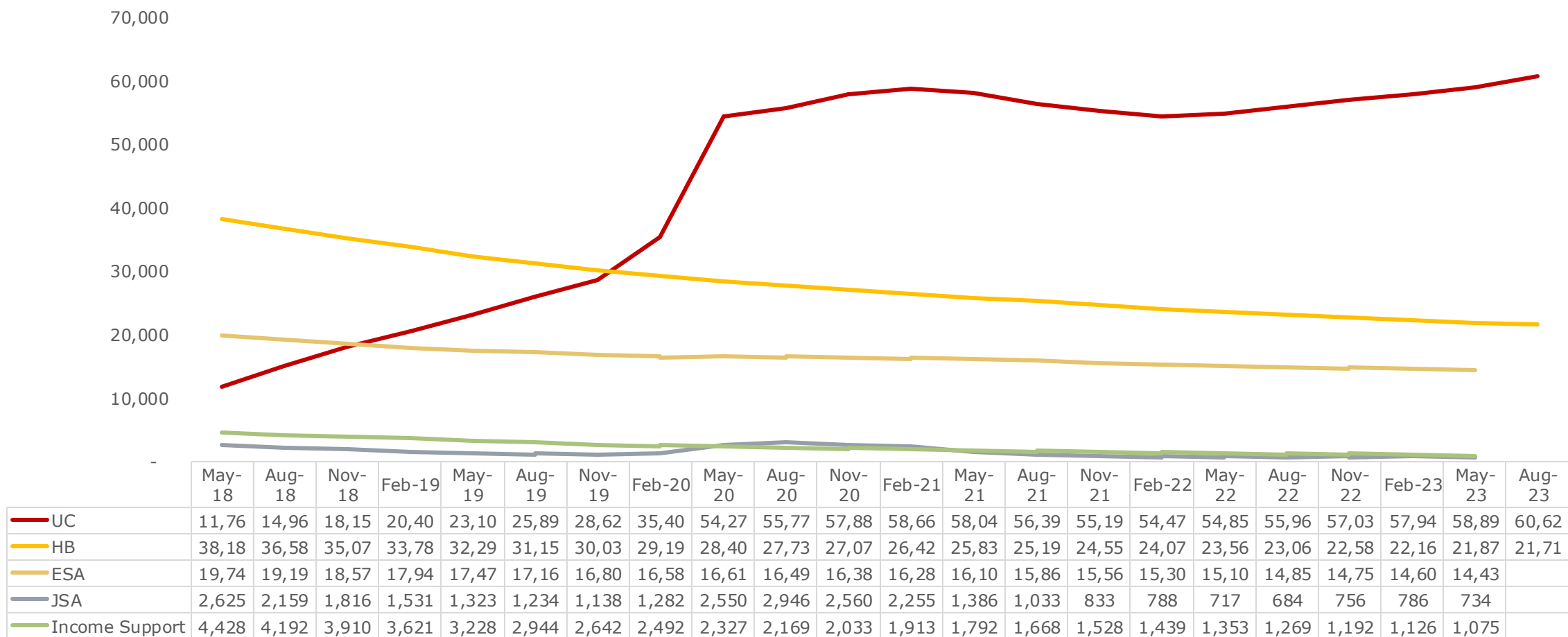
Number of UC claimants, Suffolk, Apr-15 to Oct-23
(Source: DWP, Stat Xplore)

In October 2023, there were 61,777 UC claimants in Suffolk.



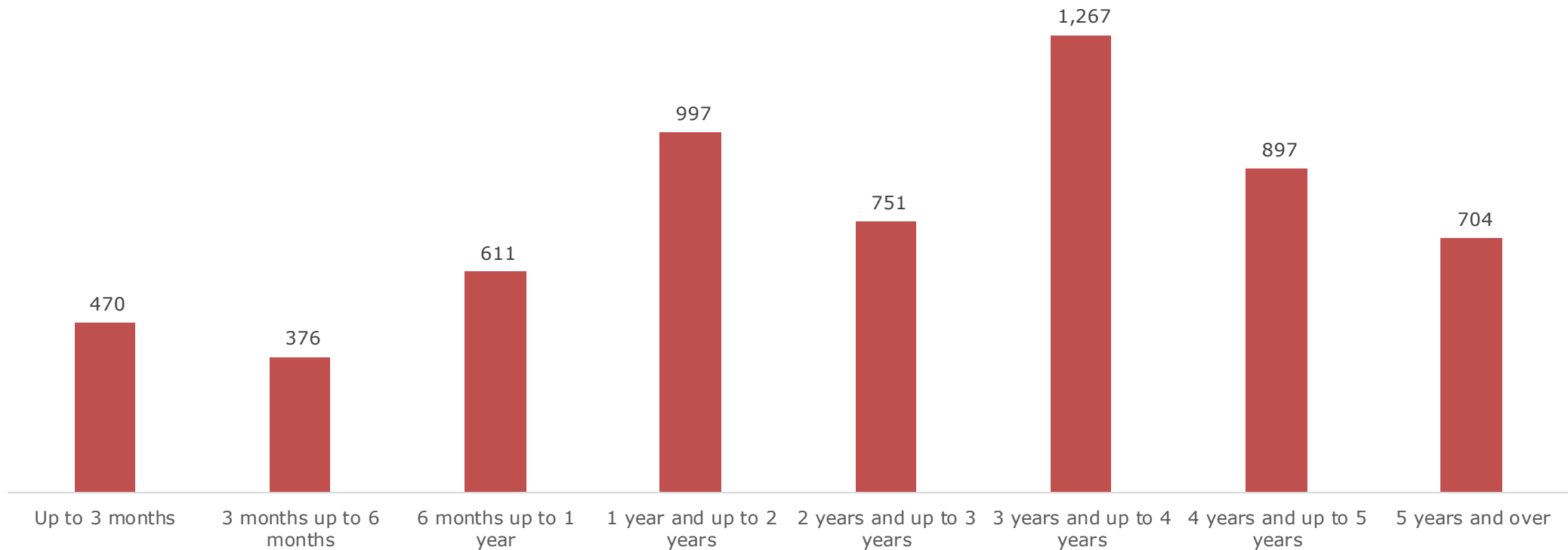
While not all of the increases in UC claimant numbers are due to 'new need' (as opposed to existing need from claimants moving off legacy benefits) it is most likely that the majority is.

UC and DWP Legacy Benefits, Suffolk, May 2018 - July 2023



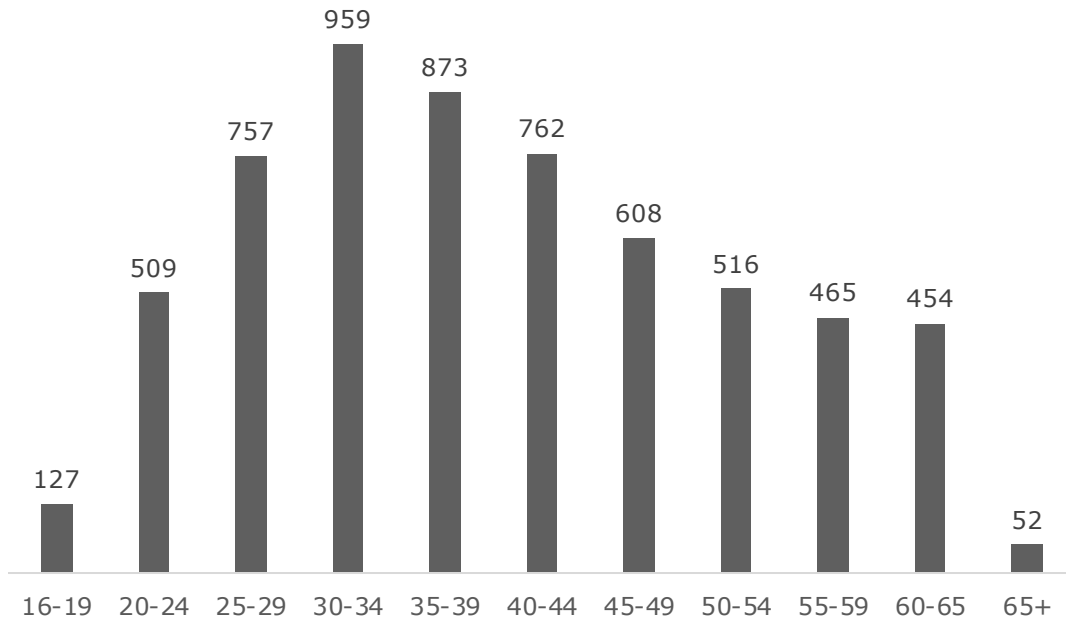
Almost half (47%) of Suffolk's UC claimants in October 2023 had been on UC for at least 3 years, with a further 29% having been on UC for 1 year and up to 3 years.

Number of UC claimants by duration, Suffolk, Oct-23
(Source: DWP, Stat Xplore)

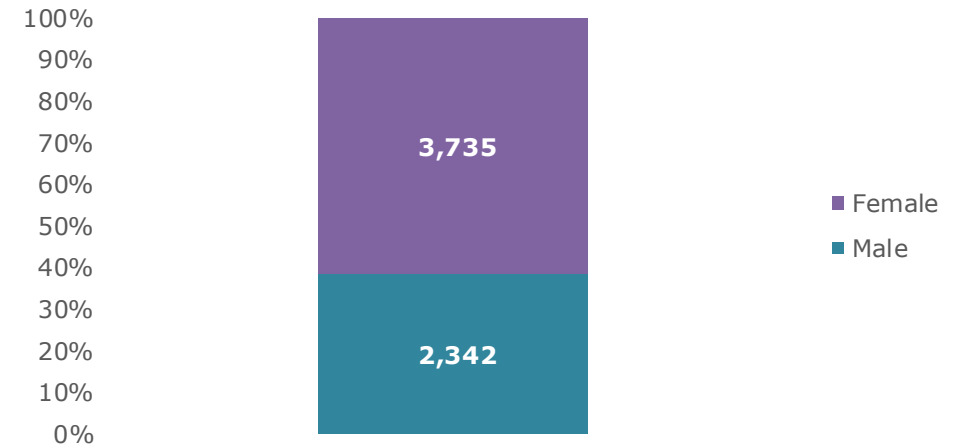


Just over half (53%) of UC claimants in Suffolk were between 30 and 49 years of age in October 2023. While 61% of UC claimants were female in the same month.

Number of UC claimants by age-groups, Suffolk, Oct-23

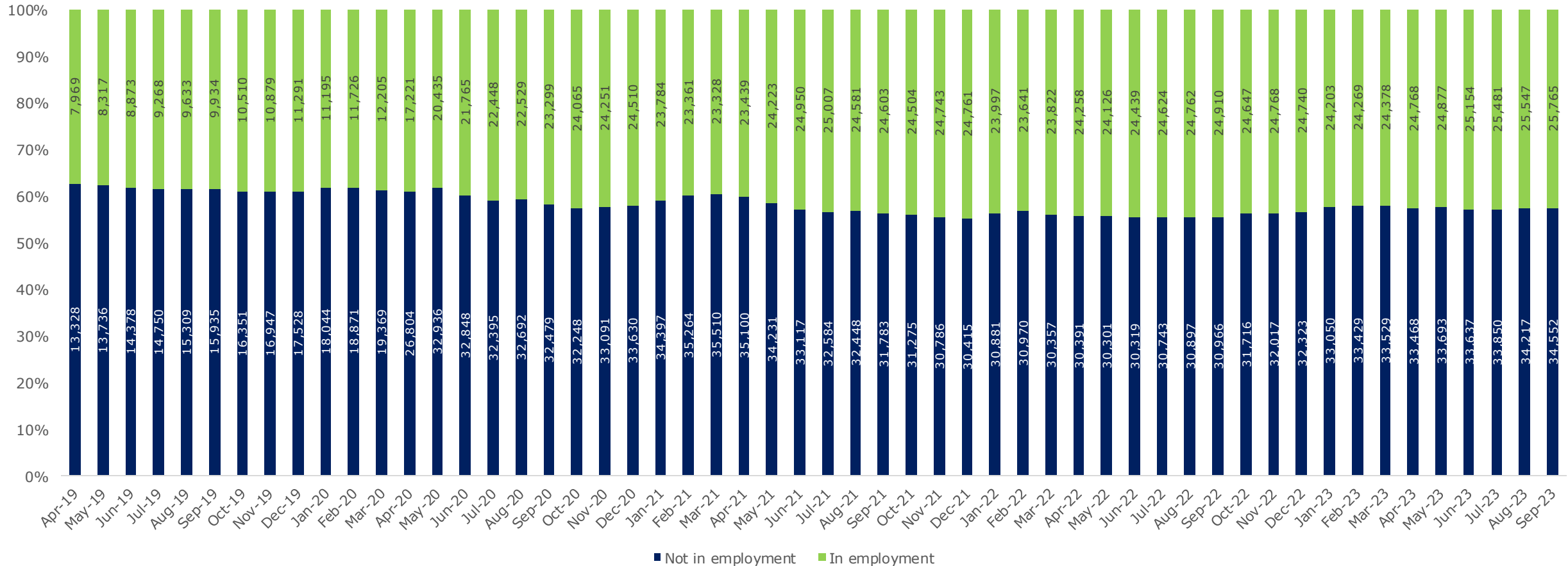


Number and proportion of UC claimants by gender, Suffolk, Oct-23



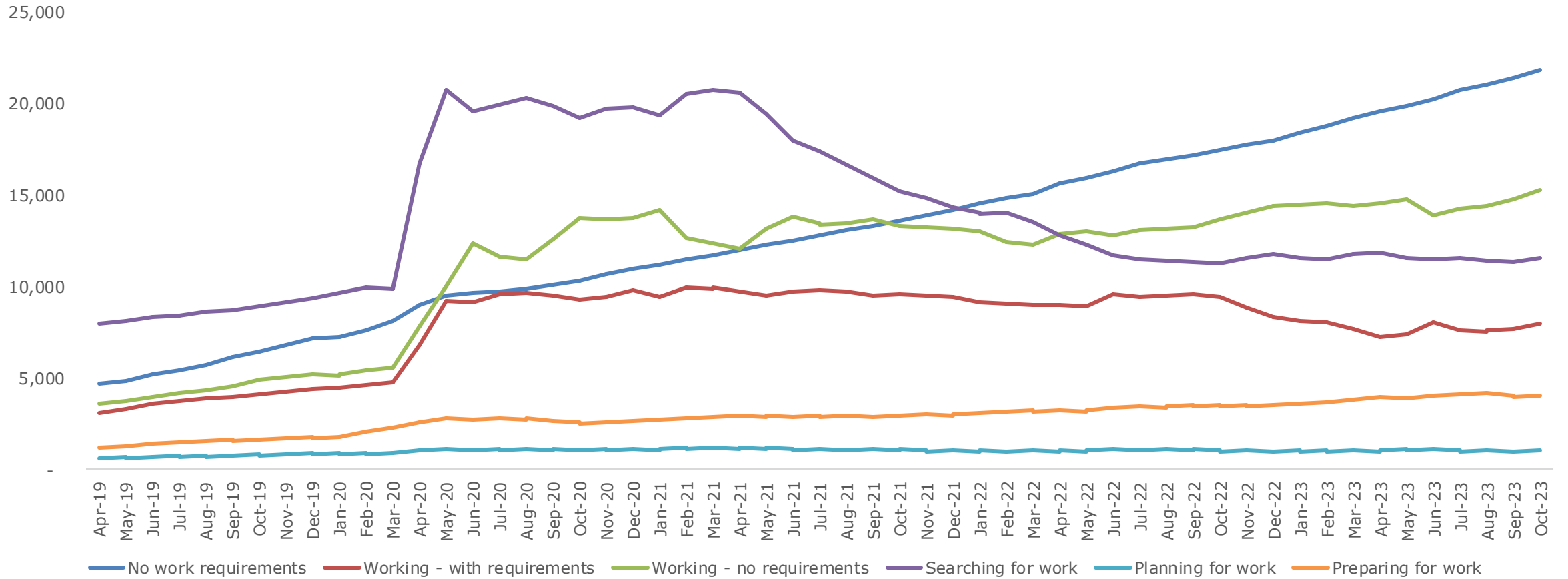
The majority of UC claimants are not in work, though the proportion of UC in-work claimants has increased over the past 5 years (e.g., on average 38% in FY 2019/20 vs. 44% in FY 2022/23).

Number and proportion of individuals on UC by employment indicator, Suffolk, Apr-19 to Sep-23
(Source: DWP, Stat Xplore)



UC classes claimants by regime* – the number of those without work requirements has proportionally increased from an average of 24% in FY 2019/20 to 35% in FY 2022/23.

Number of individuals by UC Regime, Suffolk, Apr-19 to Oct-23
(Source: DWP, Stat Xplore)



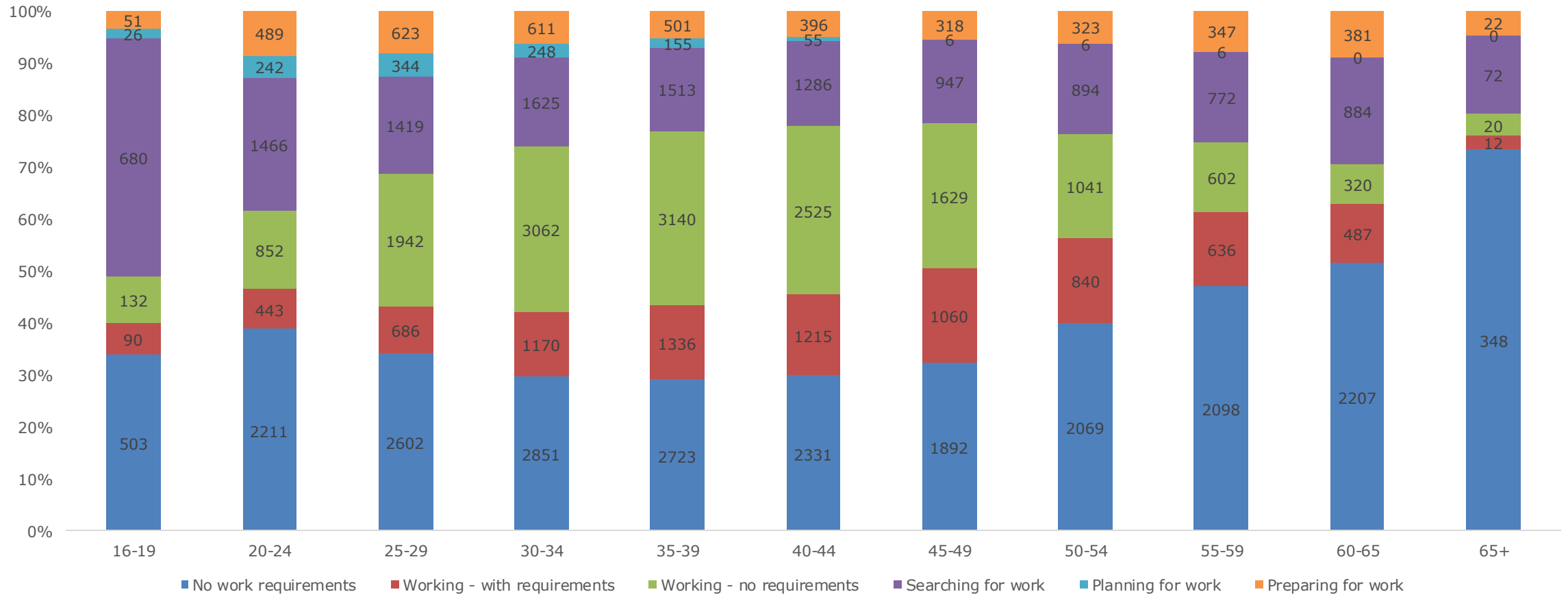
* See appendix for detail on regime categories.

Source: DWP, Stat Xplore

Proportionally, those under the 'no work requirements' regime are highest among the 55+. However, 40% of 20-24s and 40% of 50-54s are also on this regime. Amongst those 16-19 and those aged between 25 and 29, 34% have 'no work requirements' also.

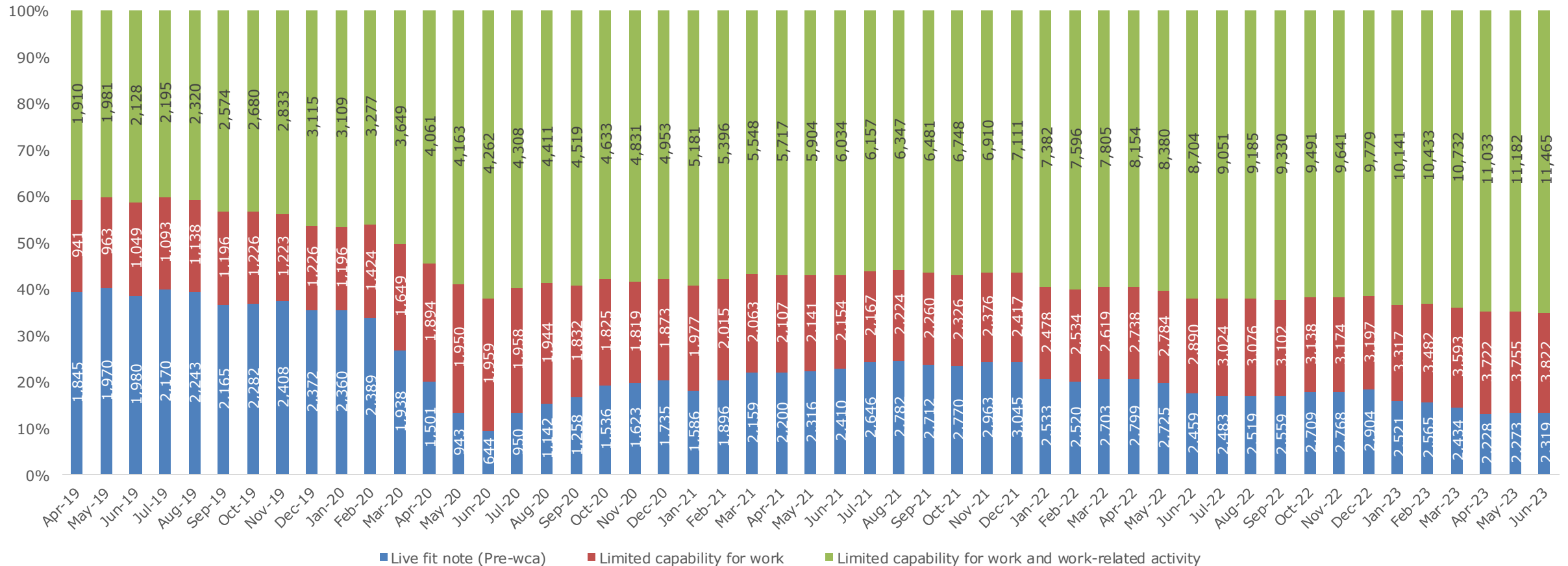
Number and proportion of UC claimants by UC Regime and by age groups, Suffolk, October 2023

(Source: DWP, Stat Xplore)



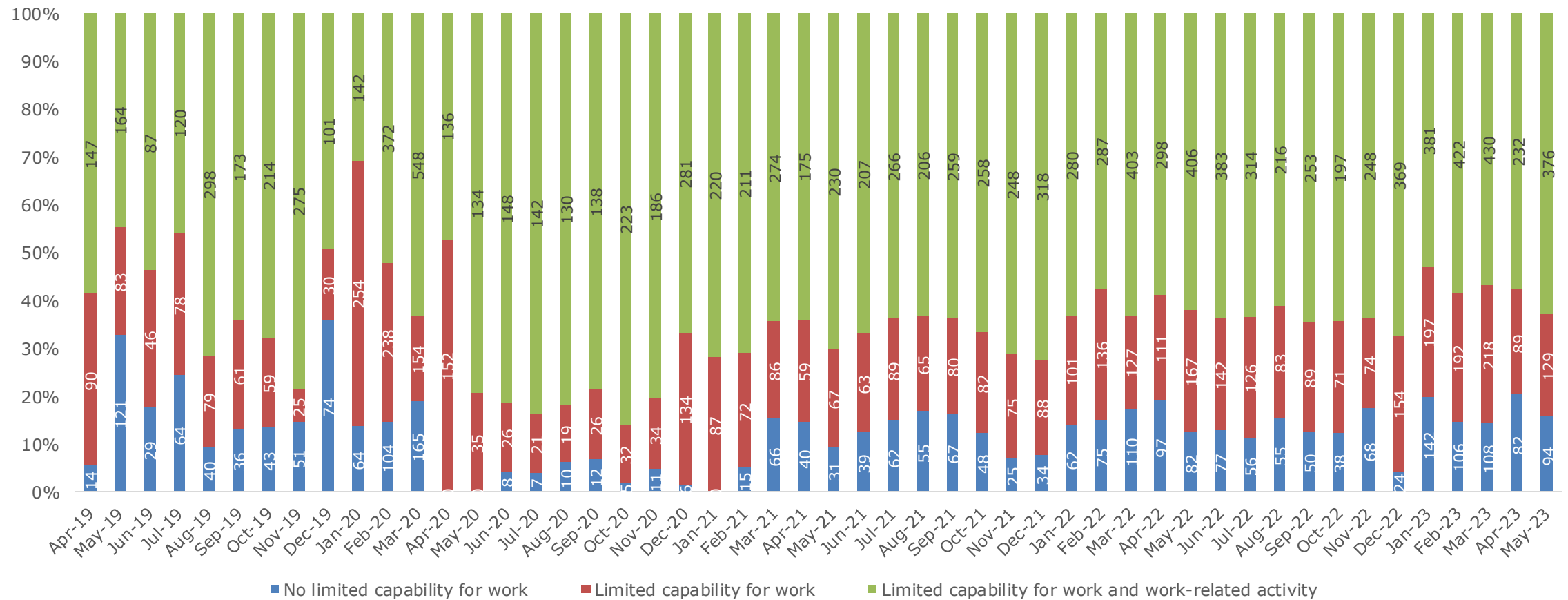
When a customer makes a claim for UC they are asked if they have a mental/physical health condition or a disability which prevents, or limits, their ability to work. When claimants declare they have a restricted ability to work due to their health condition and DWP receives medical evidence in support of the claim - **the claimant is placed on UC health.** This will include cases where claimants are in work but report a health condition which limits the amount of work they can do. The number of people on UC health comprises those with a restricted ability to work supported by acceptable medical evidence pre-work capability assessment (WCA) or with a Limited capability for work (LCW) outcome or with a Limited capability for work and work-related activity (LCWRA) outcome. **In June 2023, there were 17,599 claimants on UC Health.**

Number and proportion of individuals assessed under UC Health (UC Health Caseload), Suffolk, Apr-19 to Jun-23
(Source: DWP, Stat Xplore)



Under UC Health, claimants undergo a Work Capability Assessment (WCA). On average over the past year, WCA found 61% of cases to be of limited capability for work and work-related activity; while a further 25% were found to be of limited capability for work. The remaining 14% were classed as 'fit for work'.

Number and proportion of individuals by WCA decision outcomes, Suffolk, Apr-19 to Jun-23
(Source: DWP, Stat Xplore)



DWP does not publish detail on the health conditions of UC Health claimants. However, the Employment and Support Allowance (ESA) statistics include this detail. **On average, over the past 5 years, 'Mental and Behavioural Disorders' have made up 50% of the medical conditions of Suffolk's ESA claimants. Over this time-period the proportion has decreased slightly from 52% in April 2018 to 49% in October 2023.**

Medical Condition	Number of Suffolk ESA claimants	% of Suffolk ESA claimants
Mental and Behavioural disorders	7,069	49.0%
Disease of the Musculoskeletal System and Connective Tissue	1,800	12.5%
Diseases of the Nervous System	1,511	10.5%
Symptoms, signs and abnormal Clinical and Laboratory findings, not elsewhere classified	1,086	7.5%
Diseases of the Circulatory System	521	3.6%
Neoplasms	406	2.8%
Injury, poisoning and certain other consequences of external causes	300	2.1%
Factors influencing Health Status and contact with Health Services	300	2.1%
Diseases of the Respiratory System	294	2.0%
Congenital Malformations, Deformations and Chromosomal Abnormalities	247	1.7%
Diseases of the Digestive System	212	1.5%
Endocrine, Nutritional and Metabolic diseases	167	1.2%
Diseases of the Eye and Adnexa	154	1.1%
Diseases of the Genito-urinary System	83	0.6%
Codes for special purposes	62	0.4%
Diseases of the Ear and Mastoid Process	53	0.4%
Diseases of the Skin and Subcutaneous System	47	0.3%
Certain Infectious and Parasitic diseases	39	0.3%
External causes of morbidity and mortality	38	0.3%
Diseases of the Blood and Blood forming organs and certain diseases involving the immune mechanism	34	0.2%
Pregnancy, Childbirth and the Puerperium	8	0.1%



APPENDIX



UC Conditionality Regime

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