



## BRIEFING PAPER

Number 7927, 21 January 2020

# Universal Credit and the claimant count

By Andrew Powell

**This briefing paper explains how Universal Credit has increased the number of people claiming unemployment benefits, by requiring a broader group of claimants to look for work than was the case under Jobseeker's Allowance.**

**In January 2019, the Department for Work and Pensions published an 'alternative' claimant count for the first time. This models what the claimant count would have been if Universal Credit had been fully in place since 2013.**

## 1. What is the claimant count?

The claimant count is the number of people claiming benefits for the principal reason that they are unemployed. Before 2013, this was just the number of people claiming Jobseeker's Allowance.

Following the introduction of Universal Credit from 2013 onwards, the claimant count has been measured as the number of people claiming Jobseeker's Allowance plus the number of Universal Credit claimants who are required to look for work.

### Universal Credit

Universal Credit is a new benefit which is being rolled out in stages. It replaces six existing benefits and tax credits ("legacy benefits"):

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

By bringing together out-of-work benefits and tax credits, Universal Credit provides both in- and out-of-work support to claimants. It was introduced with the aim of simplifying and streamlining the benefits system, improving work incentives, tackling poverty among low income families, and reducing the scope for error and fraud.

## Full Service and Live Service

Full Service and Live Service describe the computer systems used to deliver Universal Credit.

- In Full Service areas, Universal Credit is available to all claimant types.
- In Live Service areas, Universal Credit was limited to claims which were relatively simple. For more complex claims, people continued to claim legacy benefits.<sup>1</sup>

The Live Service was available throughout Great Britain by Spring 2016, but from May 2016 national rollout of the Full Service – which replaced the Live Service – began. By December 2018 Full Service was available throughout the whole of the United Kingdom.<sup>2</sup> The Live Service closed to new claims on 1 January 2018, and existing Live Service claimants had three months to transfer to their claim to the Full Service when it is introduced in their area. With Full Service rollout now complete, the Live Service was expected to close completely by Spring 2019.<sup>3</sup>

In Full Service areas existing legacy benefit claimants may move onto Universal Credit if they experience a change of circumstances such that they would have had to make a new claim for a different legacy benefit. As new claims for legacy benefits are no longer possible, only Universal Credit can be claimed. The DWP refers to this as “natural migration.”

Existing legacy benefit claimants whose circumstances do not change will remain on their existing benefits until they are invited to make a claim for Universal Credit at the final “managed migration” stage. This is expected to begin in late 2020 and be completed by December 2023, but will be preceded by a managed migration pilot involving 10,000 households starting in July 2019.

## 2. How has Universal Credit affected the claimant count?

There has been a marked increase in the claimant count as areas have rolled over to Universal Credit Full Service.

Between November 2015 and November 2019, the number of claimants across the whole of the UK increased by around 420,000, an increase of over 70%. For many constituencies, the claimant count has more than doubled during this period, and it is more than four times higher for some.

There are a number of ways in which the claimant count has been affected as rollout of Universal Credit progresses:

### **Universal Credit requires a broader span of people to look for work than was the case for legacy benefits**

The introduction of Universal Credit means that more claimants are required to look for work as a condition of receiving the benefit. This is referred to as “conditionality”.

---

<sup>1</sup> For a more detailed comparison of the Full Service and the Live Service see section 2.1 of Commons Library briefing CBP-8299, [Universal Credit roll-out: 2018-19](#), 14 June 2018

<sup>2</sup> DWP, [Universal Credit transition to full service](#), 12 December 2018. The Full Service was rolled out on Northern Ireland between September 2017 and December 2018. The Live Service was never introduced in Northern Ireland.

<sup>3</sup> DWP, [Touchbase](#), edition 129, September 2018

For example, someone out of work who previously claimed Child Tax Credit or Housing Benefit but not Jobseeker's Allowance was not required to look for work. Under Universal Credit they are required to look for work, subject to certain exceptions.

Similarly, under Universal Credit, the partners of claimants are now required to seek work. Previously, if someone was in employment and claiming tax credits or housing benefits but their partner was not in work (and not claiming Jobseeker's Allowance), there was no requirement for their partner to look for work. This is no longer the case, subject to an earnings threshold and certain exceptions.<sup>4</sup>

The OBR has estimated that Jobseekers Allowance-style conditionality will be extended to around 300,000 additional claimants.

Additional conditionality will also be applied to Universal Credit claimants who would otherwise have received Education and Support Allowance, and the OBR has estimated that around 150,000 claimants will be required to look for work as a result. Furthermore, the OBR has forecast that around 450,000 newly-eligible Universal Credit claimants will face further additional conditionality requirements (though not necessarily an obligation to look for work).<sup>5</sup>

From the point of view of the statistics, this has the effect that more people are brought within the coverage of the claimant count. This has particularly been the case since the rollout of Universal Credit Full Service, leading to the large increases in the claimant count that has been seen in those areas that have moved to Full Service.

## **New claimants who are awaiting or appealing Work Capability Assessments are being required to look for work**

Some of the claimants who under the legacy system would previously have claimed Employment and Support Allowance (ESA) are initially subject to all work-related requirements upon starting a new claim to Universal Credit, pending their Work Capability Assessment.

New ESA claimants who can provide a 'fit note' are treated as having a limited capacity for work pending their Work Capability Assessment. This is **not** the default position under Universal Credit.

Although a claimant must meet with a Jobcentre Plus Work Coach within seven days of applying for Universal Credit to agree the conditions attached to their receipt of benefits, the period until a Work Capability Assessment takes place is often much longer. During this period, Work Coaches set conditionality based on their understanding of the claimant's health condition, but there are concerns that Work Coaches may struggle to identify claimant support needs accurately.<sup>6</sup>

Those claimants who are required to look for work will be included in the claimant count statistics. We might expect some to drop out of the claimant count again once the Work Capability Assessment has taken place, assuming they are judged to have limited capability for work, but they can remain on full conditionality for an extended period (and thus remain in the claimant count statistics).

In addition, there have been reports that some claimants moving from ESA onto Universal Credit who have limited capability for work are being required to undergo a new Work

---

<sup>4</sup> [PO 66330 \[Universal Credit\], 7 March 2017](#)

<sup>5</sup> Office for Budget Responsibility, [Welfare trends report](#), January 2018, p105

<sup>6</sup> Work and Pensions Committee, [Universal Credit: support for disabled people](#), HC 1770 2017-19, paras 73-78

Capability Assessment, and in the meantime are subject to full conditionality. Under [Regulation 19 of the Universal Credit \(Transitional Provisions\) Regulations 2014 \(SI 2014/1230 as amended\)](#), these people should be treated, from the outset of their Universal Credit application, as having limited capacity for work without the need for a Work Capability Assessment. The Child Poverty Action Group has reported this as one of the most common problems highlighted by advisers.<sup>7</sup>

### 3. Adjusting for Universal Credit: an alternative claimant count series

The continued increase in claimant numbers in Full Service areas means that the claimant count is no longer a good indicator of trends in the number of people who are looking for work. In response, following a consultation exercise, the Department for Work and Pensions (DWP) published an 'alternative' claimant count series for the first time in January 2019.<sup>8</sup>

The alternative series models what the count would have been if Universal Credit had always been in place since 2013. This means that it will include those claiming unemployment benefits as well as those people who may not have been claiming at the time, but who would have been required to look for work had Universal Credit been in place. Therefore we would not expect the alternative series to show an abrupt change in trend when an area starts operating Full Service (unlike the main claimant count series).

Specifically, the alternative series includes:

- People claiming Jobseeker's Allowance
- People claiming Universal Credit who are required to seek work (minus those awaiting a Work Capability Assessment)
- 'Additional' claimants who may not have been claiming unemployment benefits at the time, but who would have been required to seek work had Universal Credit been in place.

### 4. Publication arrangements

ONS removed the seasonally adjusted claimant count in the PDF version of its monthly [UK Labour Market](#) and [Regional Labour Market Statistics](#) bulletins from March 2017, stating that "it may now be providing a misleading representation of the UK labour market".<sup>9</sup> ONS had already designated the claimant count statistics as "experimental" from June 2015 (meaning the statistics are still in development) due to the impact of Universal Credit.

Data is still included in online tables published alongside the bulletins on the ONS website, and the ONS continues to publish non-seasonally adjusted data for parliamentary constituencies, local authorities and other geographies on the [Nomis website](#).

The DWP publishes alternative claimant count figures for every month from January 2013. Figures were initially only available for parliamentary constituencies in Great Britain, but

---

<sup>7</sup> Child Poverty Action Group, [The top universal credit issues](#), July 2018

<sup>8</sup> DWP, [Alternative claimant count, GB \(experimental\)](#), 18 December 2018

<sup>9</sup> Office for National Statistics, [Publication arrangements for the Claimant Count](#), 23 February 2017

figures for Northern Ireland constituencies will be published for the first time in January 2020. New figures are published every quarter.<sup>10</sup>

The Library publishes constituency data for both claimant count series on our [Constituency data dashboard](#) and in our monthly briefing paper, [People claiming unemployment benefits by constituency](#).

## 5. Further information

- DWP, [Proposals for a new statistical series to count unemployed claimants](#), 16 October 2018
- House of Commons Library, [Universal Credit roll-out: 2018-19](#), Research Briefing CBP-8299, 14 June 2018
- ONS, [Publication arrangements for the claimant count](#), 23 February 2017
- ONS, [Revisions to the Claimant Count from the inclusion of Full Universal Credit Service claimants](#), 16 November 2016
- DWP, [Universal Credit transition to full service](#) (The, now complete, rollout schedule for local authorities and jobcentre areas to transition to the full Universal Credit service)

---

<sup>10</sup> DWP, [Proposals for a new statistical series to count unemployed claimants](#), 16 October 2018

## About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email [papers@parliament.uk](mailto:papers@parliament.uk). Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email [hcinfo@parliament.uk](mailto:hcinfo@parliament.uk).

## Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).