UNIVERSAL CREDIT SCOTLAND BULLETIN – MAY 2021

Introduction

This bulletin summarises the most recent official statistics on people claiming, receiving, and starting on Universal Credit in Scotland, taken directly from the Department of Work and Pension's (DWP) collection of Universal Credit Statistics. It also summarises recent statistics on unemployment benefit claims and households affected by the Benefit cap. This bulletin is updated with the latest available statistics on the last Friday of every month.

In the statistics presented here, each month covers claims made between the second Friday of the previous month and the second Thursday of the current month. The latest month of data is provisional and subject to revision within a 2% margin in the next release.

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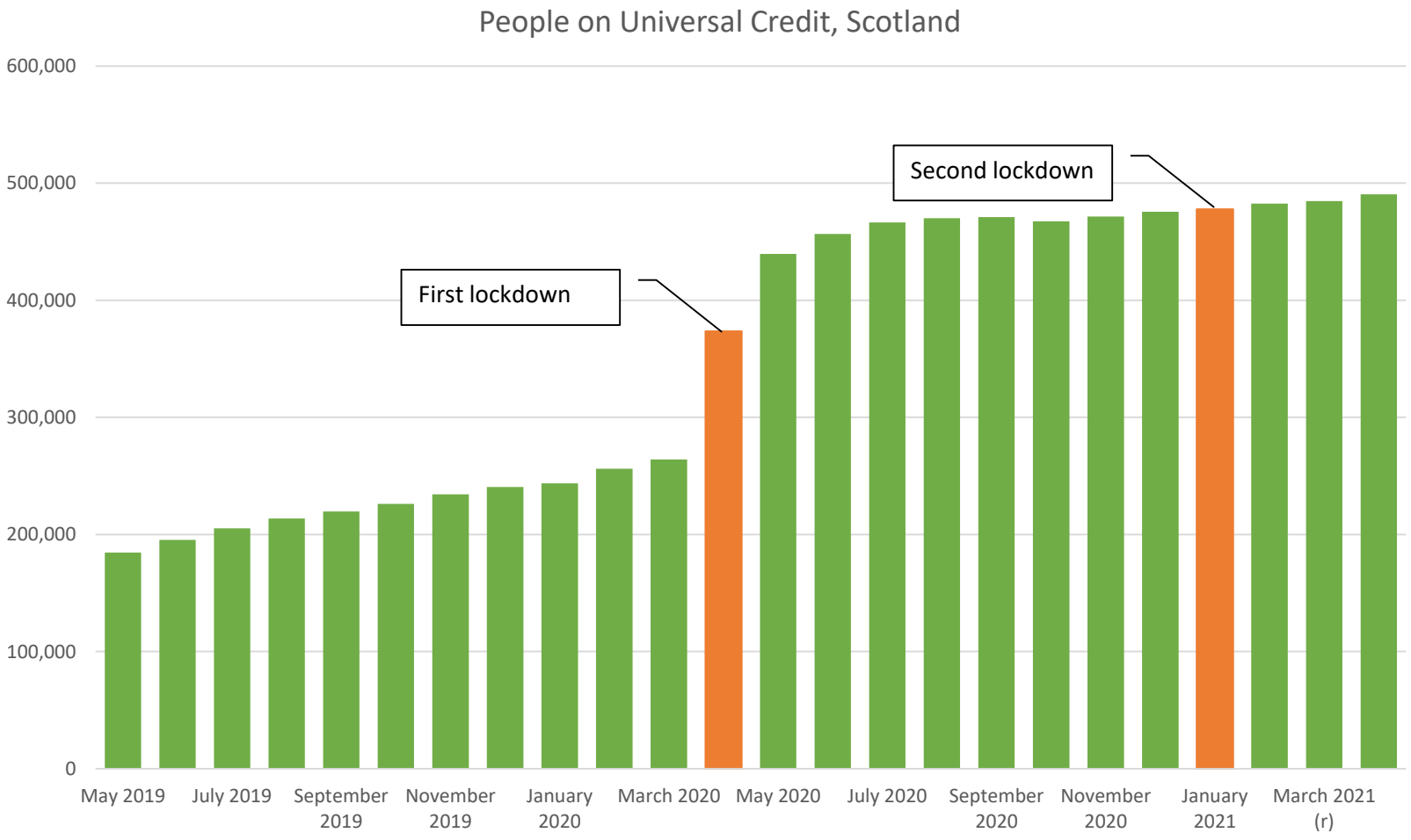
People on Universal Credit



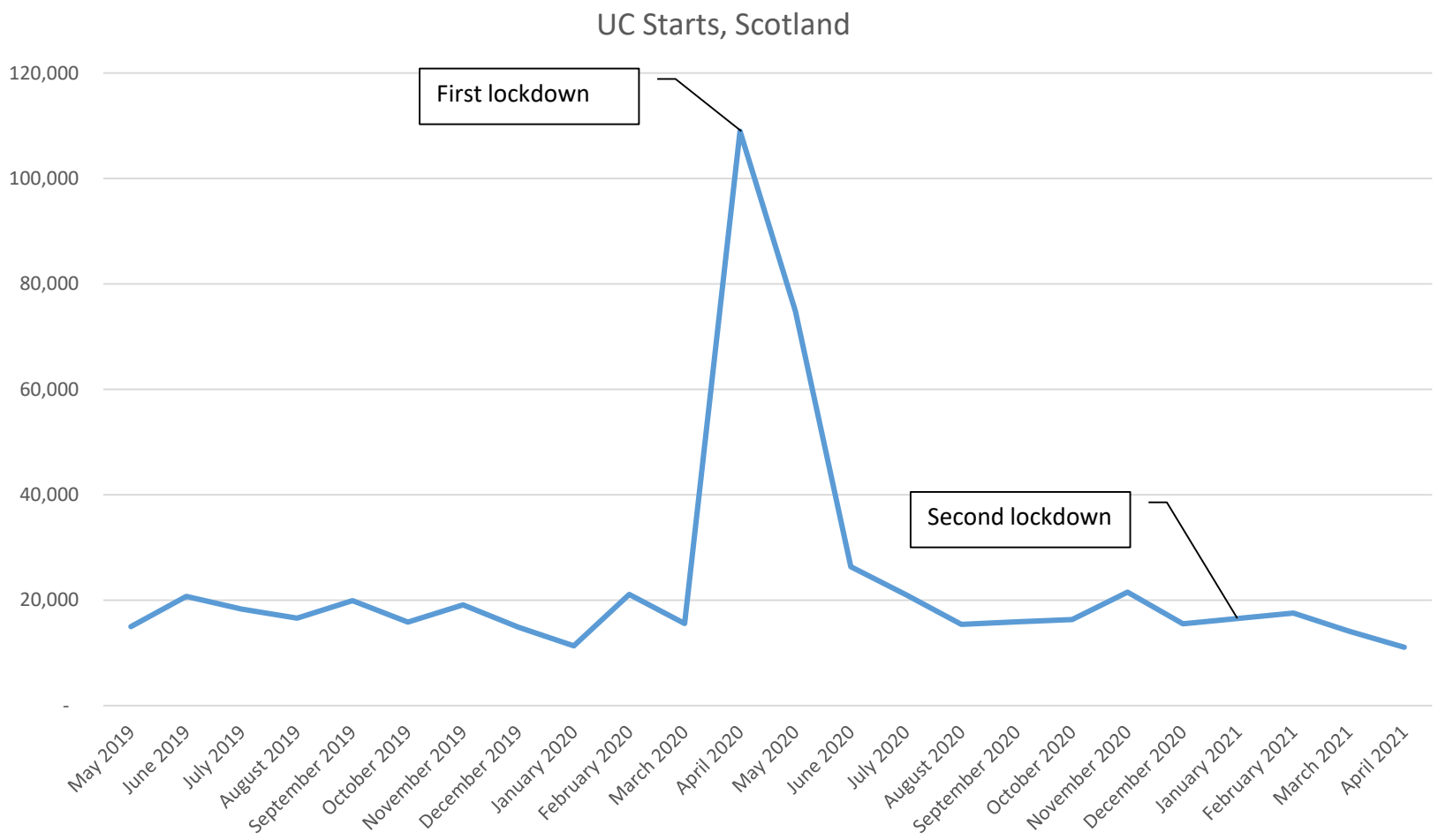
As of April 2021 there were around 490,000 people on Universal Credit (UC). This compares to around 370,000 people receiving UC in April 2020, meaning that the caseload increased by nearly a third over the past year. The increase comes after the initial surge in numbers in March 2020.

COVID-19 restrictions have caused the most of the increase as evidenced by the increase in May 2020, after which the caseload has remained high. However, this has happened alongside the ongoing transition from legacy benefits onto Universal Credit, which was already generating a gradual increase in the UC caseload.

The subsequent lockdown period over the winter did not cause another large spike in the caseload. Looking forward, we might expect the caseload to decrease as restrictions ease, though this depends on economic conditions and might be countered by the withdrawal of other financial support such as the furlough scheme.

Source: StatXplore.

Universal Credit – number of starts



This graph shows that the number of starts every month to UC was stable in the months running up to the start of the pandemic, even though the overall UC caseload was increasing due to gradual replacement of legacy benefits.

The onset of the first lockdown period led to a sharp increase in the number of starts to UC. However, since then, the number of starts has reverted to pre-pandemic levels, suggesting that the UC caseload, though much larger, has become more stable in subsequent months, with relatively fewer people coming on (and off) UC.

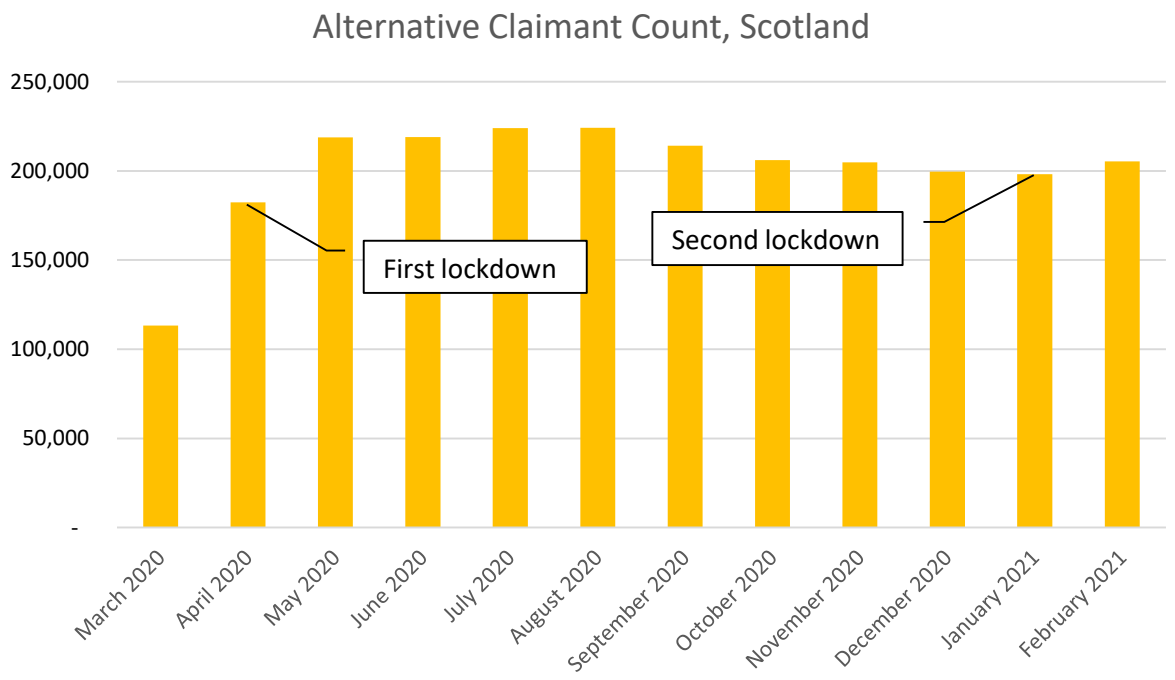
Context: Individuals starting on UC have completed the UC claim process and accepted their claimant commitment. They may have experienced the so-called "Five-week-wait" for a first payment and other disruptive elements of starting to claim for UC.

Source: StatXplore.

Alternative Claimant Count

The Alternative Claimant Count (ACC) is classified as Experimental Official Statistics. By controlling for differences between the rules of the legacy benefits system and the new UC system which is replacing it, the ACC provides a consistent measurement of the number of people on unemployment related benefits over time.

At the onset of COVID-19 there was a near doubling of the ACC caseload. After peaking in August 2020, the number of people claiming unemployment related benefits gradually fell until February 2021, when there was a small increase as Scotland went through a period of lockdown over the winter period.

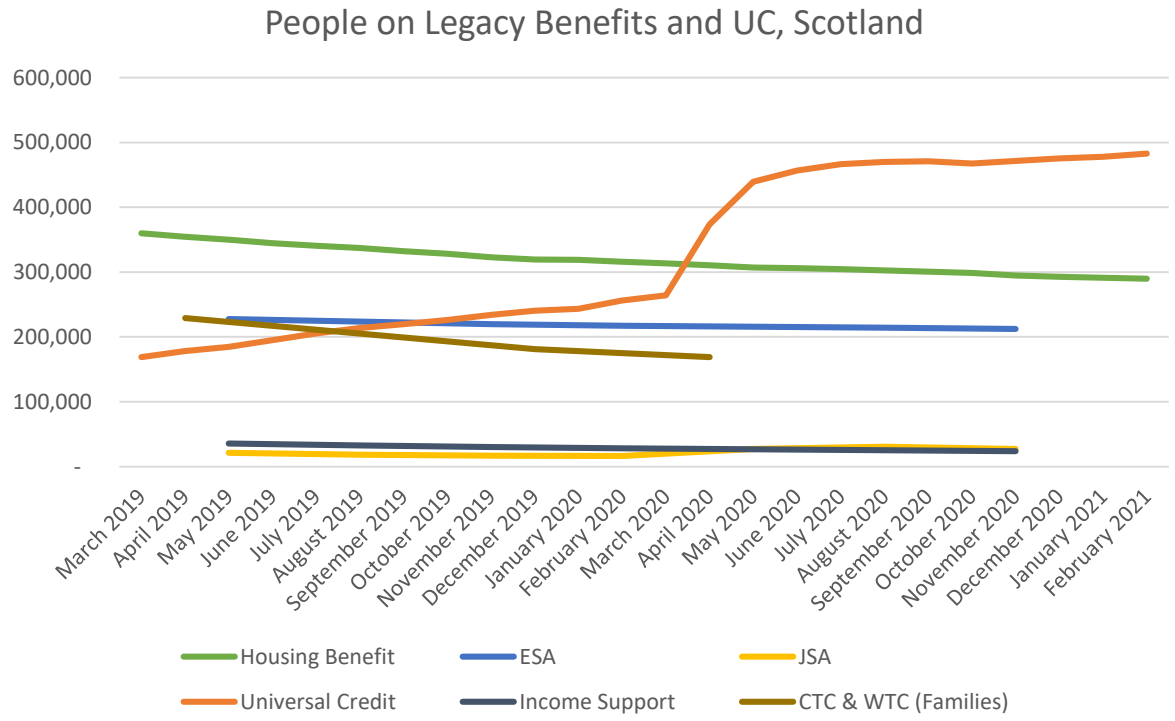


Source: StatXplore
More details on the Alternative Claimant Count and how it is derived are available here.

Legacy Benefits

A significant number of people in Scotland still claim Legacy Benefits, though this caseload has gradually decreased as a result of the migration to UC. The number of people claiming Job Seekers Allowance increased slightly over the last year, but the majority of people newly claiming for unemployment related benefits continue to do so through Universal Credit.

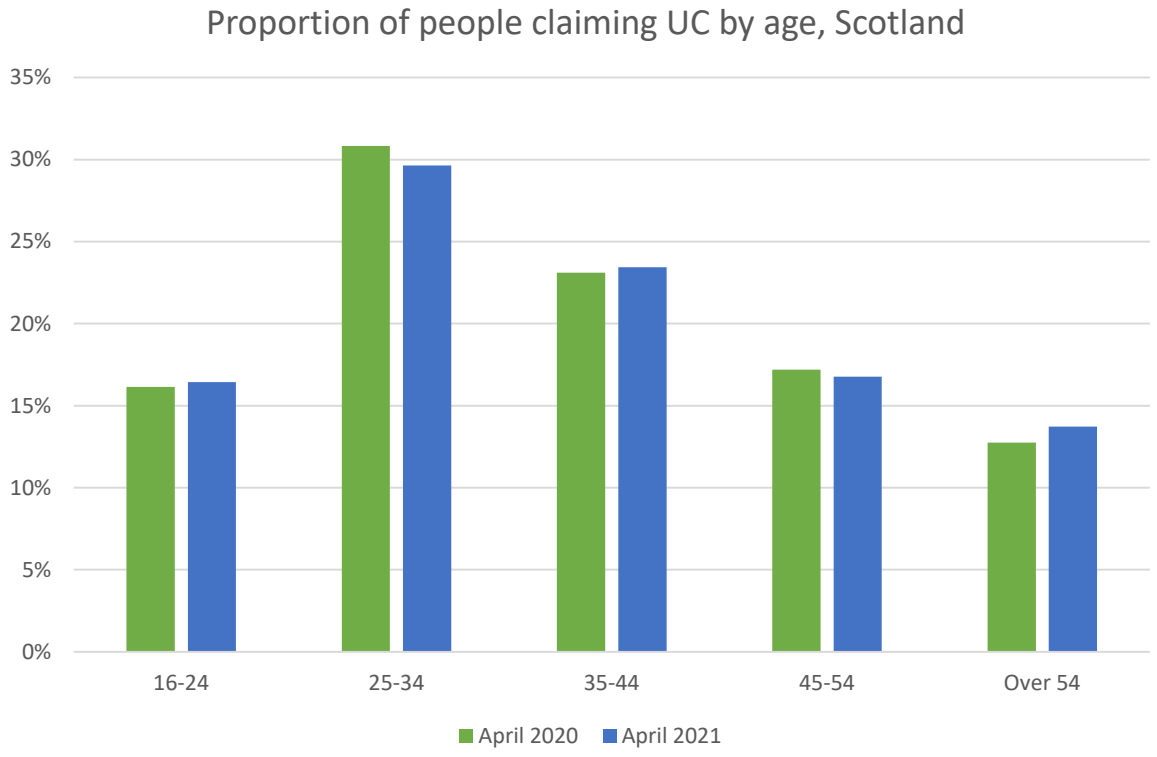
Note: All data are quarterly except for UC and Housing Benefit which are monthly. The data for Tax Credits are for families and are therefore not directly comparable to data for other benefits.



Source: StatXplore, Child and Working Tax Credits statistics: provisional awards geographical analyses - GOV.UK (www.gov.uk)

People on Universal Credit by age

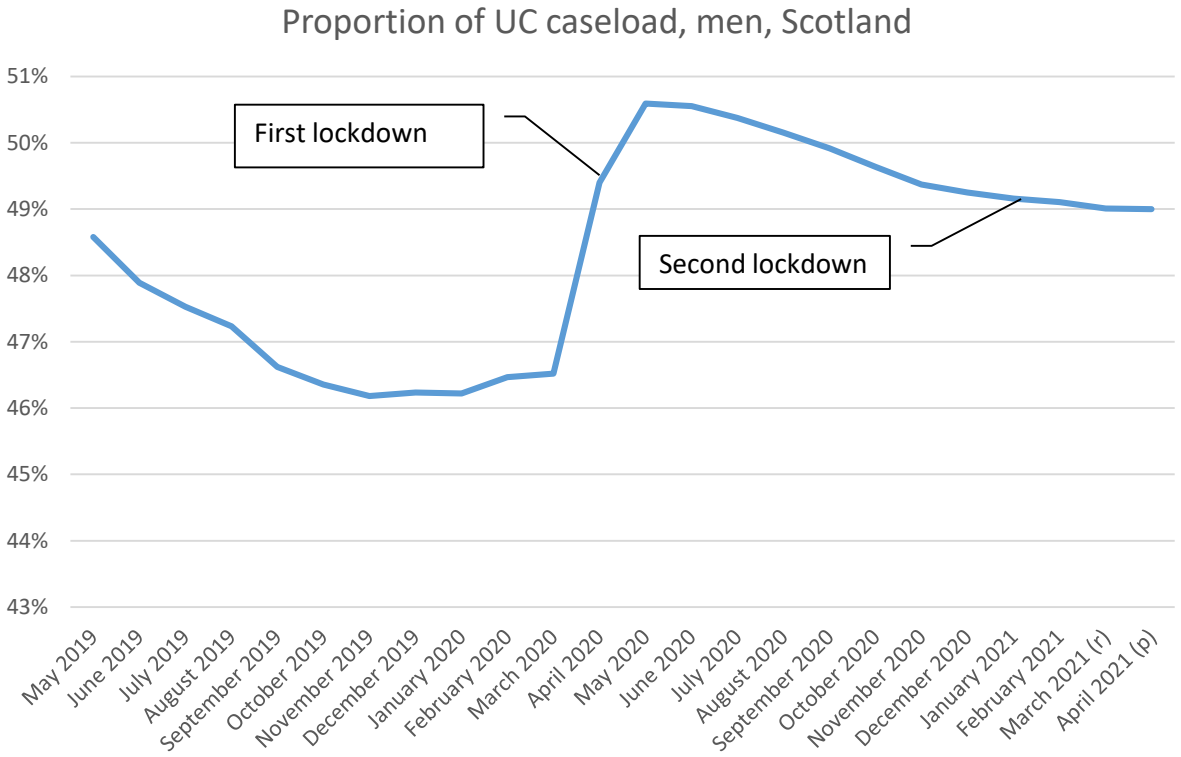
As shown in the chart below, the age distribution of UC claimants has remained broadly unchanged over the last year. The 25-34 and 35-44 age groups saw the largest absolute increases, growing by 30,000 and 29,000 respectively. The over 54 age group saw the largest percentage increase at 41%, followed by the 16-24 age group at 34%. Note that this increase came after the initial surge in caseload in March 2020.



Source: StatXplore.

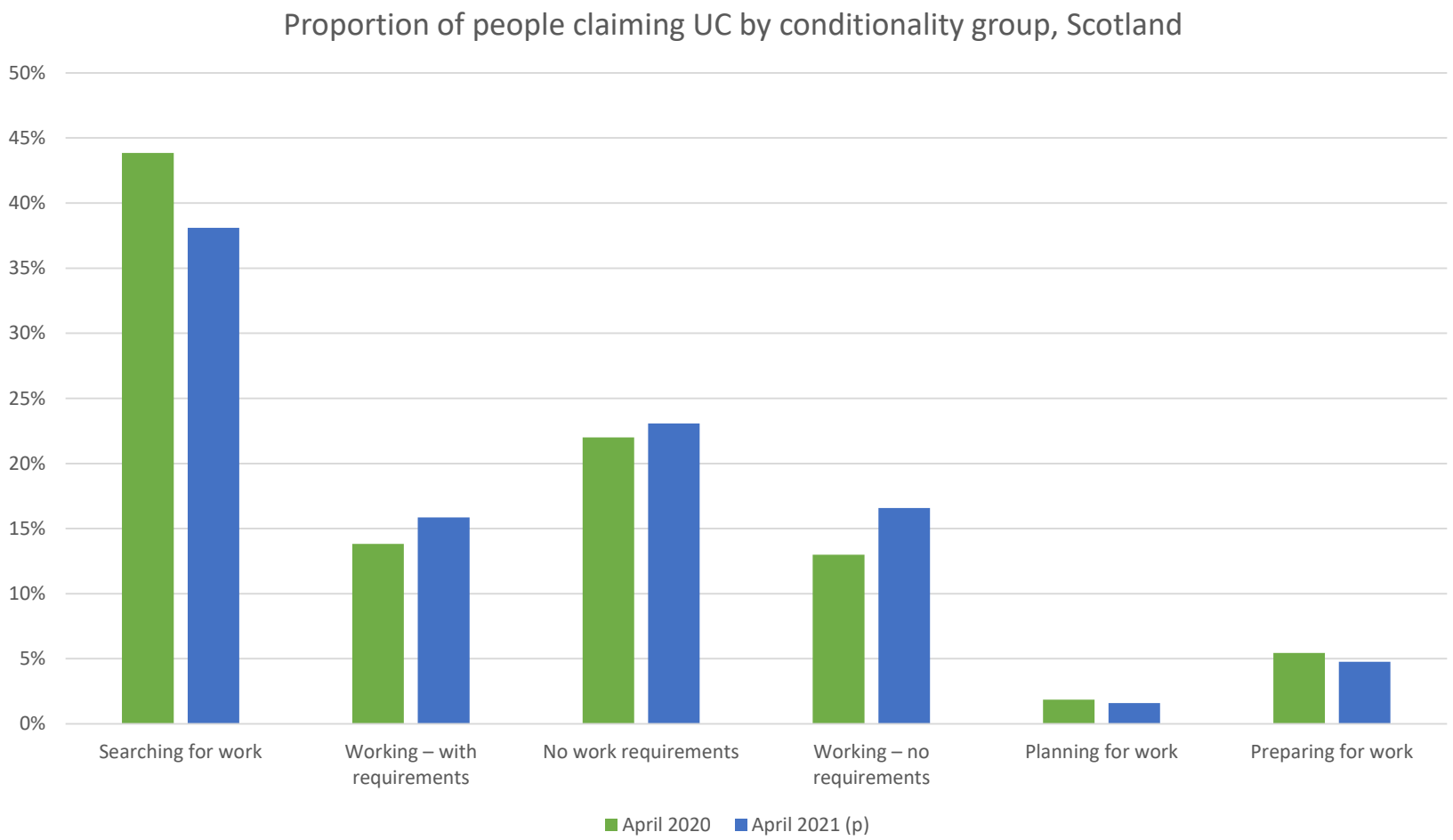
People on Universal Credit by gender

In April 2020 there were 189,000 women on UC, compared with 184,500 men – a difference of 4,500. By April 2021 this difference had increased to 10,000 as the split between the genders began to revert back to the pre-lockdown distribution, as shown in the chart below.



Source: StatXplore.

People on Universal Credit by conditionality group



People on UC are assigned to a 'conditionality group' depending on whether they are in work, and whether they are obligated to search for work while receiving the benefit.

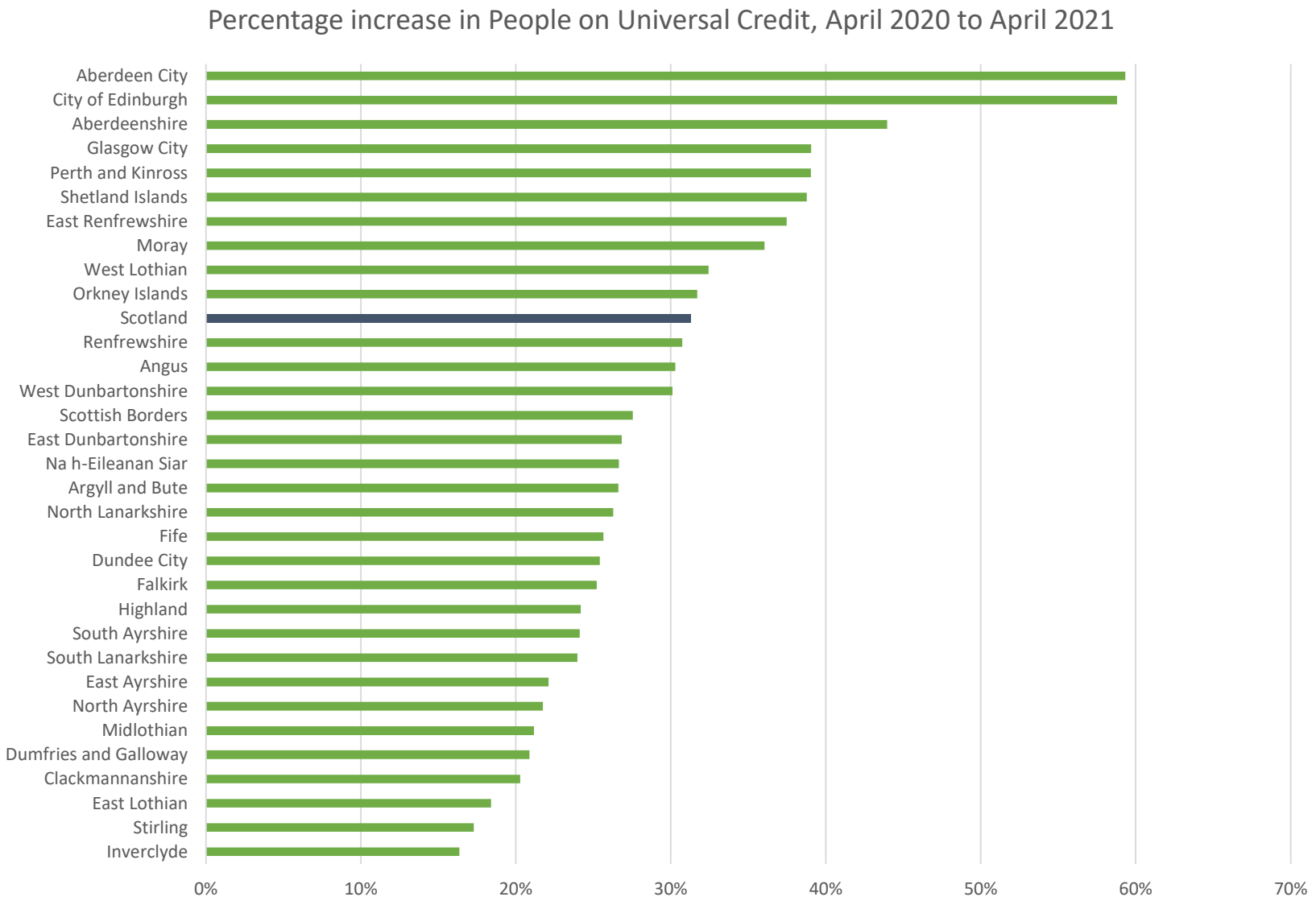
The largest increases over the past year, subsequent to the initial surge in caseload in March 2020, were in the 'Working - no requirements' group, which comprises people with higher household earnings. This group increased by around 33,000 (68%). Consequently, as shown in the chart, this group represented 17% of the total UC caseload in April 2021, compared to 13% in April 2020.

The 'Working - with requirements' group (comprising people with lower household earnings) and the 'No work requirements' group (comprising people who cannot do paid work due to health conditions or caring responsibilities) also saw large increases.

As a result, UC claimants are less likely to be searching for work than they were in April 2020, though this remains the largest conditionality group for UC claimants and still increased by 23,000 over the past year. As shown in the chart, this group represented 38% of the total UC caseload in April 2021, compared to 44% in April 2020.

Source: StatXplore. More information on the definitions of UC conditionality groups is available from Universal Credit statistics: background information and methodology.

People on Universal Credit by Local Authority



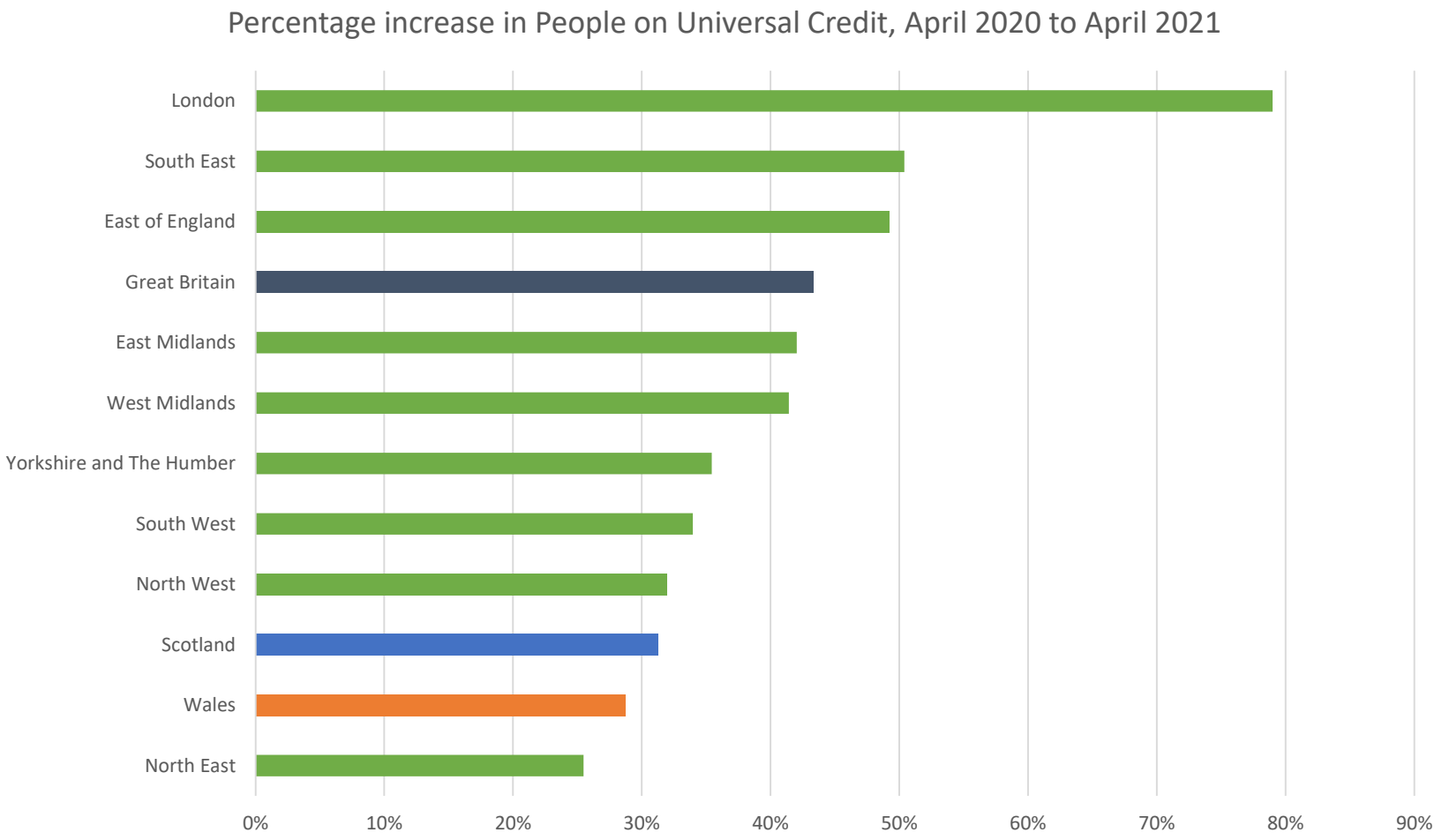
The UC caseload increased in all Local Authorities in Scotland over the last year. These increases were subsequent to the initial surge in the caseload in March 2020.

The largest increase was observed in Glasgow, where the caseload grew by 21,000. However, as shown in the chart, other Local Authorities saw larger percentage increases. The largest increases were observed in Aberdeen and Edinburgh, where the caseloads grew by 59%.

There does not appear to be clear-cut relationship between deprivation and the increase in UC caseload across local authorities. Areas such as Glasgow, which has a large local share of deprived areas, have experienced large increases. However, some council areas with high underlying levels of deprivation such as Inverclyde and North Ayrshire have seen relatively smaller percentage increases since the start of the pandemic.

Source: StatXplore, Scottish Index of Multiple Deprivation 2020: introduction - gov.scot (www.gov.scot).

People on Universal Credit- Great Britain



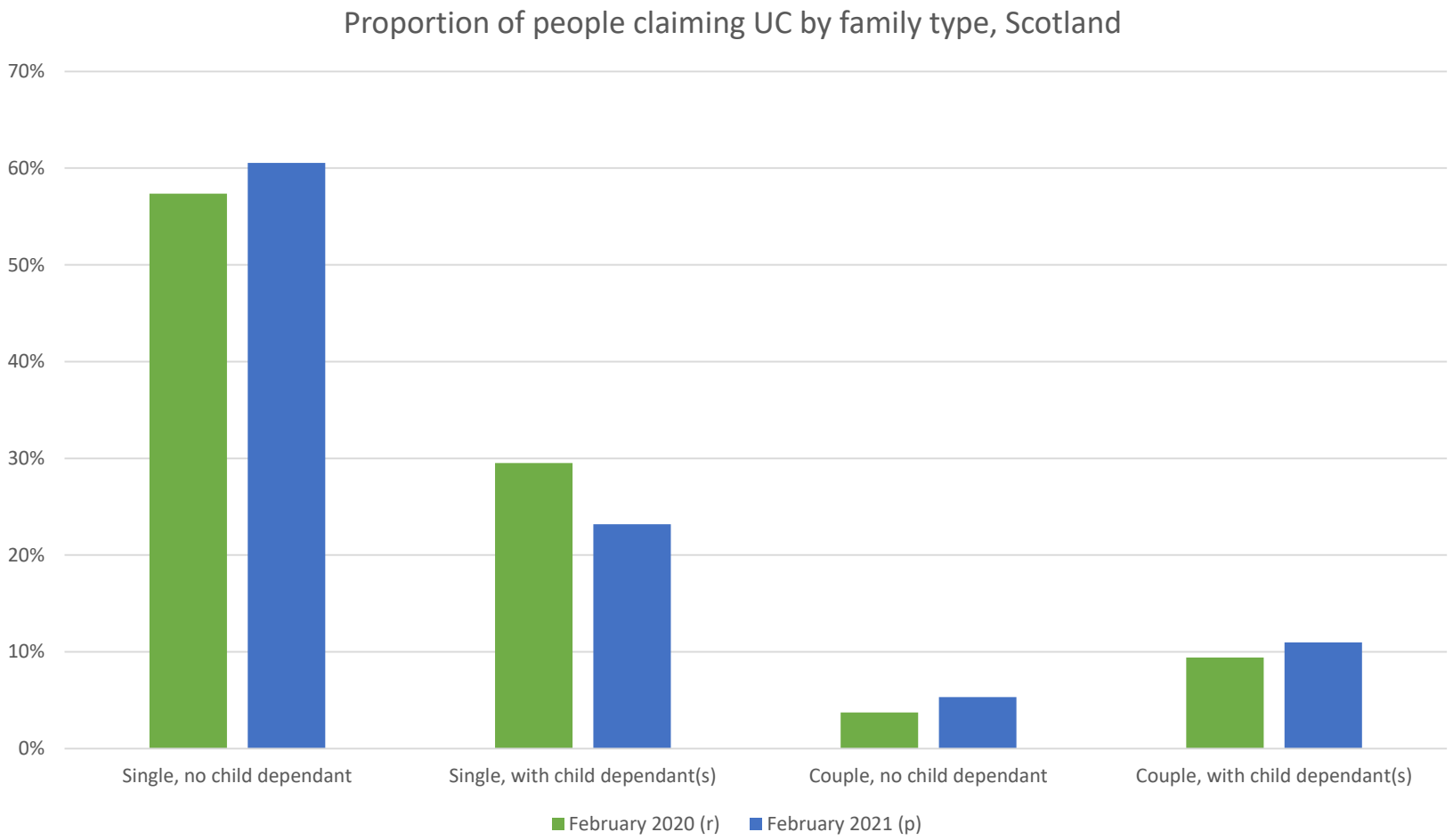
The UC caseload increased in all parts of Great Britain over the last year. The largest increase was observed in London where the caseload grew by 460,000. This represented an increase of 79%, as shown in the chart.

Scotland's caseload increased by 31%, below the British average of 43%.

Note that these increases came after the initial surge in the caseload in March 2020.

Source: StatXplore.

Households on Universal Credit



While all family types have seen increases over the past year, over half of the total increase is attributable to single people with no children, who already made up more than half of the caseload. This group increased by around 120,000 between February 2020 and February 2021, amounting to a 91% increase. On the other hand, couples with no dependent children and couples with dependent children have seen larger percentage increases, increasing by 158% (14,000) and 111% (24,000) respectively.

Consequently, as shown in the chart, households on UC are now more likely to include no child dependants or to be couples than they were previously. However, the overall distribution of family types on UC remains broadly unchanged.

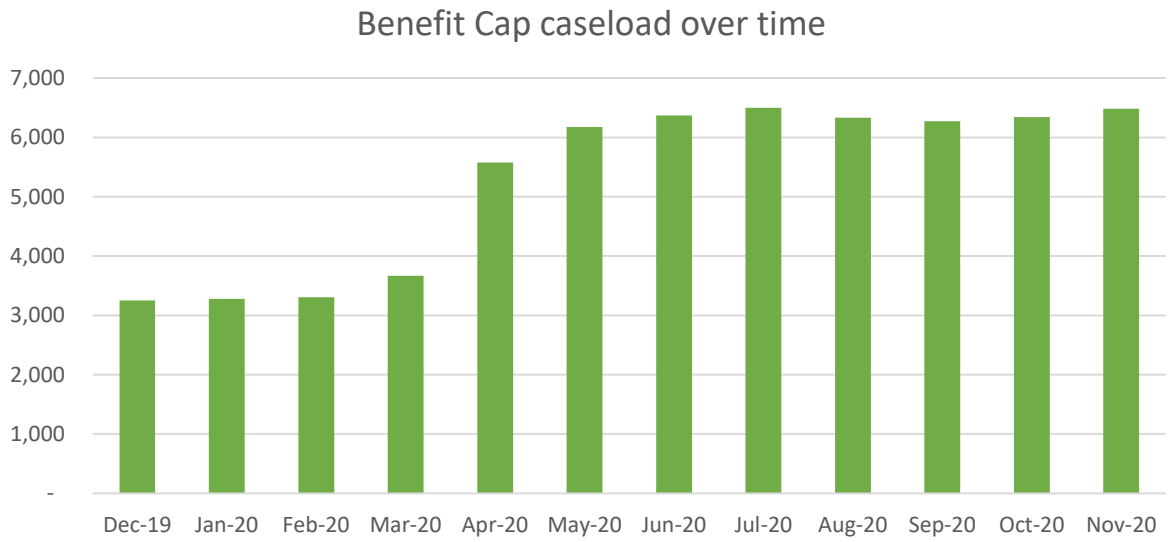
Note: Data on Households on UC are classified as Experimental Official Statistics. They lag behind the People on UC data and are not directly comparable. For example, if an individual has not provided all the information needed to work out their entitlement, or their entitlement is still in the process of being calculated, they may appear in the People measure but not in the Households measure. These data are also subject to a greater degree of revision in future releases as the methodology continues to be updated.

Source: StatXplore.

The Benefit Cap

The Benefit Cap is a UK Government policy which limits the total amount a household can receive in benefits to £20,000 per year for lone parents and couples (with or without children), and £13,400 per year for single adults, unless they meet the exemption criteria. The Scottish Government mitigates the effects of the Benefit Cap through Discretionary Housing Payments.

The number of households affected by the benefit cap has nearly doubled over the past year, from around 3,300 in November 2019 to around 6,500 in November 2020. This increase has resulted from a combination of factors, including increases in benefit rates and increases in the UC caseload due to the COVID-19 pandemic. During this time the average amount lost due to the Benefit Cap has reduced from around £52 per week to £50, worth around £2,600 per year.



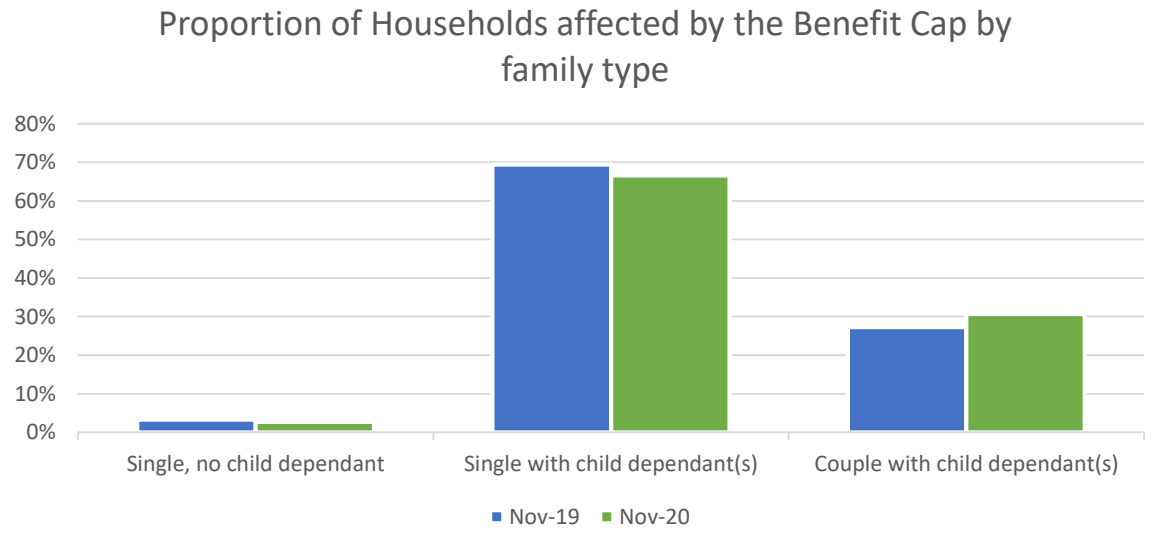
Source: StatXplore. Figures include households capped through both Housing Benefit and Universal Credit. More details on the benefit cap and its exemption criteria are available here, while details on how the statistics are compiled are available here.

The family structure of Benefit Capped households

Families with children naturally have larger benefit entitlements, and are therefore much more likely to be affected by the Benefit Cap than households without children.

As of November 2020, around 97% of Benefit Capped households contained children. 67% were lone parent families and 31% were couples with children. The remainder were single people without children; there were no couples without children who were affected by the Benefit Cap.

Since November 2019 the distribution of families effected has remained largely the same.



Source: StatXplore