

# The impact of Universal Credit Managed Migration on housing costs support and Council Tax Reduction

## Citizens Advice Scotland (CAS) Briefing February 2025

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### Purpose

This briefing provides an overview of tenants' experience of meeting housing costs while undergoing managed migration to Universal Credit (UC) during Quarter 2 (Q2) of 2024-2025. It summarises insights from advice code data, real-life experiences submitted through our Social Policy Feedback system, discussions with frontline advisers, and an in-depth interview with an individual who has undergone managed migration.

### Summary of findings

- We see extensive evidence of the process of managed migration to UC triggering the suspension of support with housing costs and council tax reduction, causing significant detriment and the accrual of technical arrears.
- "Technical" arrears<sup>1</sup> cause real distress. They can result in financial hardship if people try to sustain repayment arrangements, and they can delay or prevent people from moving to more suitable accommodation.
- The language and approach taken by the agencies involved is frequently not mindful of the impact on individuals. Introducing additional application processes, which include evidence gathering and engagement requirements, will increase the administrative burden on both parties.

### Recommendations

- Social landlords should adopt a more compassionate approach in their communication with tenants undergoing the move to UC. This means modifying language on automatically generated letters, improving communication about why a change is happening, and seeking to reach out to individuals prior to suspension or termination of awards.
- Local authorities should introduce a "flag" system on Council Tax Reduction (CTR) accounts associated with legacy benefit information with a view to identify and deliver proactive communication with individuals prior to suspension of benefit.
- If necessary, local authorities should seek to suspend rather than terminate DHP claims during the migration to UC.
- DWP should lead on improved and timeous intra-agency information-sharing to improve automated passporting. This would reduce the risk of CTR and Discretionary Housing Payment (DHP) terminations. Such an approach would be transformative, particularly if combined with improved functionality of DWP digital systems – for example, automatic population of UC claim forms.
- Scottish and UK Governments should adequately resource independent advice services to ensure that support is available via all means (telephony, video conferencing, in person, using person appropriate communication such as language interpretation and BSL).

## Housing costs and UC managed migration

The majority (68% in Quarter 2 of 2024-2025 including all rental tenures) of people that we help to claim UC are living in rented accommodation. The transition to UC involves support with housing costs being administered not by local authorities as is the case with Housing Benefit, but by the Department of Work and Pensions (DWP). Unfortunately, this has meant disruption to how payments to meet rent are delivered. This disruption is disproportionately impacting upon social tenants who largely prefer to have their housing costs support entitlement paid directly to their landlord.

### **Anne and Michael's experience**

*Anne and Michael received a managed migration notice in the summer of 2024. The couple are long-standing legacy benefit recipients, including Housing Benefit. The couple were moved on to UC but soon required the support of CAS' Help to Claim (HTC) service as they were no longer receiving help with their housing costs. Anne and Michael mistakenly believed that their housing costs support was going to continue to be paid through Housing Benefit, and therefore they had not claimed it via UC. The HTC adviser helped them to resolve this but, in the meantime, their local authority landlord started pursuing them for rent arrears. Additionally, the local authority's rent periods do not correspond with their UC payment schedule. This has caused further confusion, and it means that Anne and Michael will have technical arrears until the financial year comes to an end.*

Our evidence also suggests that more clarity is needed about when Housing Benefit ends following a successful Universal Credit claim. Housing Benefit recipients will continue to be paid the benefit for two weeks after starting on UC. This does not alter the discrepancy in rent cycles but is designed to ease the transition. Citizens Advice Bureau advisers have also highlighted several cases in which individuals are not aware that, if they receive these funds directly to themselves that they must be paid to their landlord.

### **Debbie's experience**

*Debbie migrated to UC in October 2024. She received a letter from her local authority landlord shortly thereafter stating that she had not paid her rent. Debbie did not respond to this as she assumed her rent account would balance out over the month after claiming UC. She was subsequently contacted by her Housing Officer, who advised Debbie that her migration to UC would result in arrears that she would need to repay. It was suggested that she agree a payment plan. Debbie was confused as she was not aware that there would be a gap in her rent. The Housing Officer lamented that the DWP "never tells anyone this". Debbie contacted the CAB for help, and they advised that her previous Housing Benefit award had covered her full rent and service charges. The CAB also advised Debbie that when she claims UC her Housing Benefit should be paid for a further two weeks. The CAB further explained that UC is then paid in arrears from the date she first claimed, meaning that she should be left with two weeks in rent credit once she has received her first UC payment.*

For those who have been reliant upon an award of Discretionary Housing Payment to cover an underoccupancy charge, the disruption caused by the move to UC is greater still.

### **Mary's experience**

*Mary is residing alone in a two-bedroomed Housing Association property. Shortly following a managed migration to UC, she received correspondence informing her that her DHP award would be terminated. Upon contacting her Local Authority for an explanation about the DHP termination, Mary was advised that it was due to her UC claim. The adviser notes that since UC is typically awarded within five weeks, the local authority should have had an option to suspend rather than terminate DHP pending the outcome of the transfer. Mary now has rent arrears of £274 and feels very stressed, financially and psychologically.*

### **Recommendations**

- Social landlords should adopt a more compassionate approach in their communication with tenants undergoing the move to UC. This means modifying language on automatically generated letters, improving the level of communication about why a change is happening, and seeking to reach out to individuals prior to suspension or termination of awards.
- If necessary, local authorities should seek to suspend rather than terminate DHP claims during the migration to UC.

### **Council Tax Reduction (CTR) and managed migration to Universal Credit**

Disruption to CTR in the course of managed migration to UC can be especially damaging; it places an administrative burden on both individuals and local authorities to re-establish the claim. Emily's<sup>1</sup> experience demonstrates how the suspension of CTR following the termination of legacy benefit can create the false sense of being under suspicion of fraud. This is because of how the suspension is explained in correspondence and how requests for information are framed.

### **Kate's experience**

*Kate was referred to her local CAB by her Housing Association. Kate is a full-time carer. She migrated to UC in June 2024 from Income Support and Housing Benefit. Shortly after she migrated to UC, a payment of £128 was taken by Direct Debit from her bank account, instead of the usual £28 monthly payment. It turned out that Kate's CTR award had been terminated, leaving her liable to pay in full. Prior to attending the CAB, Kate had spoken to her local authority and was advised that all that would be required to reinstate CTR is a copy of her UC payment statement, which Kate supplied when she received it in July. However, she was then advised by her local authority that since the CTR claim had been closed she would have to make a new application, causing even more delay. The CAB supported Kate to reclaim, and she received a backdated payment of £100.*

### **Recommendations**

- A "flag" system on Council Tax Reduction accounts associated with legacy benefit information with a view to proactive communication with these individuals prior to suspension of benefit.
- DWP should lead on improved and timeous intra-agency information-sharing to improve automated passporting. This would reduce the risk of CTR and Discretionary Housing Payment (DHP) terminations. Such an approach would be transformative, particularly if combined with improved functionality of DWP digital systems – for example, automatic population of UC claim forms.

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<sup>1</sup> Detailed separately in our Insights briefing

- Adequate resourcing and provision of independent advice services to ensure that support is available via all means (telephony, video conferencing, in person, using person appropriate communication such as language interpretation and BSL).

## **Overview of the Scottish Citizens Advice network**

- Citizens Advice Scotland (CAS) is Scotland's largest provider of independent advice through its network of 59 Citizens Advice Bureaux (CAB). Findings from our network can help to inform policy making, including the wider design of UC. More than 2 million people visit our online advice pages every year. In financial gain alone, that ploughed over £140m back into local communities across Scotland. Ours is advice that changes lives.
- The Citizens Advice network helps nearly 200,000 people every year; we support people that many others don't. This gives us a unique perspective and a unique ability to identify what needs to change.
- Social security dominates the advice work being delivered by our network. 50% of all advice work carried out in Q2 of 2024-2025 related to benefits. UC represented 30% of that work. The network supported 10,965 people with a UC enquiry in Q2 alone.
- 10% of those we supported with UC during Q2 are living in remote areas, giving us insight into the experience of people living in remote places accessing the benefit.