



Universal Credit rollout

This briefing sets out the current status of Universal Credit, explains the additional support available for vulnerable claimants and summarises the experience of those boroughs which already have Universal Credit full service.

Overview

Universal Credit (UC) is a single monthly payment for working age households in or out of work. It replaces six existing benefits and is paid directly to one member of the household. UC is delivered by the Department for Work and Pensions (DWP) through the Jobcentre Plus with administration carried out at UC service centres.

UC works by assessing a household's income over a monthly period and adjusting payments on the basis of income that month. When a household becomes eligible for UC they must first wait seven days before their claim can start. Their income is then assessed for a month, after which they should receive their first payment seven days later. This means that it takes at least six weeks for a household to receive their first payment after applying.

There are a number of exemptions for the seven-day waiting period, including terminally ill claimants, vulnerable claimants and those moving onto UC from another benefit or have claimed UC in the past six months.

UC full service is now live in eight of London's 33 local authorities in at least some postcode areas. These are Croydon, Hounslow, Hammersmith and Fulham, Lambeth, Southwark, Sutton, Tower Hamlets and the City of London.

Despite widespread calls to halt or slowdown rollout the Secretary of State for Work and Pensions, David Gauke MP, confirmed on the 2 October that the expansion of UC service would continue as planned. From November 2017 full service will be rolled out to the remaining London boroughs, with full rollout in London completed by August 2018.

UC full service is only for new claimants or those households who have experienced a change of circumstances. From 2020 existing claimants of legacy benefits will be transferred to Universal Credit.

Support available to claimants

As UC rolls out to more boroughs you may receive requests for help from residents experiencing problems. There is a range of additional support available under UC which could help address some of these issues. The support available is summarised below.

Advance Payments

UC households in financial difficulty while awaiting their first payment can request a recoverable advance of up to 50 per cent of their entitlement. DWP statistics show that 48 per cent of new UC claimants in July 2017 received an advance payment. However some London boroughs have raised concerns that some claimants in financial difficulty have not been offered advances.

In response to these and other concerns the Secretary of State announced that all claimants who need an advance payment will be 'offered it up-front' and payment will be made within five working days. For claimants in an 'immediate need' an advance payment will be available on the day.

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Alternate Payment Arrangements

Alternative Payment Arrangements (APAs) are available for claimants for whom the standard monthly UC payment is not suitable. There are three types of APA:

- Direct payment of housing costs to the landlord (referred to as managed payments)
- Splitting of payment between partners
- More frequent payment of benefit (e.g. fortnightly).

Claimants can request an APA at a jobcentre or through the UC helpline at any time, however DWP guidance states that they will only be considered where 'there is a risk of financial harm' to the household. Landlords can request a managed payment if the claimant is in two or more months' rent arrears. Landlords can also request deductions from a claimant's UC to repay rent arrears at a maximum rate of 20 per cent (compared to 5 per cent under Housing Benefit).

Universal Support

The majority of London local authorities receive funding from DWP to provide additional support to UC claimants. There are two main types of support available – Personal Budgeting Support and Assisted Digital Support. Personal Budgeting Support consists of money advice to help claimants adapt to the financial changes of UC while Assisted Digital Support is digital training for claimants.

DWP guidance states that claimants who are considered vulnerable and need help managing their money will be referred to their local authority. It is up the authority who will determine the claimants' budgeting support needs. Authorities are free to subcontract support to third party providers.

Emerging issues

London Councils is working with boroughs and the DWP to monitor the rollout of UC and identify policy solutions to emerging issues. For example DWP have now agreed that UC is not suitable for tenants in temporary accommodation and have committed to develop a solution outside of UC.

Through working closely with those boroughs which already have UC full service London Councils has identified a number of ongoing issues with. Chief amongst full service boroughs' concerns is the issue of rent arrears. The explanations for rent arrears are multi-faceted and many UC claimants are already in rent arrears prior to their claim. However, although local authorities expected to see an increase in rent arrears under UC full service, the level of arrears experienced by London boroughs so far has been far greater than expected. This level of arrears could pose a serious financial challenge for authorities should they continue.

The processing of UC claims is problematic in many cases. Administrative errors and other problems frequently result in customers waiting longer than six weeks for their first payment. Ongoing problems with the rent verification process also mean housing costs are often not included in the first payment. Alongside the built in waiting period these problems are largely responsible for the dramatic decrease in rent collection. DWP statistics show an improvement in claimants being paid on time but as of June 2017 one in four new claimants experienced a delay with some of their payment.

Under UC full service local authorities lose much of their access to information on a customer's case. In addition the implicit consent process is no longer accepted under UC, meaning a customer has to be present with local authority staff for them to access information. The loss of access to information regarding residents' cases is severely restricting local authorities' ability to ensure that claims are dealt with more efficiently, prevent homelessness and deliver other proactive interventions. Access to customer data has been restored for MPs and London Councils continues to make the case that this should be the same for councillors and appropriate local authority staff.

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Commentary

London Councils supports the principles of simplifying the welfare system and making work pay. However, London's higher costs of housing, childcare and transport have the potential to dampen the incentive to work that UC is intended to bring. Research carried out by the Centre for Economic and Social Inclusion on behalf of London Councils found that under UC all household types in London will have lower gains from working compared to those elsewhere in the country who move into paid work.

Local authorities have a vital role in ensuring the successful delivery of UC, particularly in identifying potentially vulnerable claimants and ensuring they receive the necessary support. There's much to be gained by claimants and authorities alike from working with DWP to solve the current problems with UC and make this a reality.

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