



Welfare Reform

Update: February 2019

This update covers the following:

- **UK Budget changes**
- **Managed Migration (UC)**
- **Pension Credit for mixed age couples**
- **Severe Disability Premium**
- **Two Child Limit**
- **53 week rent year (UC)**
- **Alignment of APA/MPTL schedules with claimant schedule (UC)**
- **Rent verification (UC)**
- **Four Feds Six Asks**
- **Welsh Government mitigation of welfare reform**



Since the 12th December 2018, Universal Credit Full Service has been available to claimants in every Job Centre Plus (JCP) area in the United Kingdom, following roll out in Carmarthenshire and Gwynedd.

Additionally, claims can now be made through the medium of Welsh, following the implementation of the Welsh language service on 26th November 2018.

Barring some exemptions, working age claimants previously eligible for one of the six covered legacy benefits, will instead claim Universal Credit. Additionally, those claiming one or more of the six legacy benefits and undergoing a change in circumstances, such as moving home, will need to claim Universal Credit.

The legacy benefits are:

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

For more details on Universal Credit, visit Gov.uk:

<https://www.gov.uk/universal-credit>

The Universal Credit Live Service gateway (a previous iteration of Universal Credit only available to certain claimants) has been closed to new claimants since 1st January 2018, and existing Live Service claimants are in the process of being transferred to the Full Service.

There are currently around 76,000 Universal Credit claimants across Wales, as of December 2018 (DWP).



UK Budget 2018

A number of changes were announced to Universal Credit during the UK Government Budget in November 2018.

- A £1000 increase to the Work Allowance for people with children and/or with some disabilities (from April 2019)
- Two weeks of additional payments for those claiming IB-JSA, IR-ESA and IS as they transition on to Universal Credit, effective from July 2020. This is in addition to the Housing Benefit 'run on' which was announced in last year's Budget.
- A reduction in the maximum rate at which Third Party Deductions (TPDs) can be made from a Universal Credit award from 40% to 30% of the standard allowance, from October 2019.
- An extension of the period in which Government recovers advances paid to claimants from 12 to 16 months, from October 2021.
- An extension of the 12 month grace period (the period before the Minimum Income Floor applies) for self-employed claimants to allow their business to grow. This will be introduced in July 2019 and fully implemented from September 2020.

Managed Migration

Following the completion of the full geographical reach of Universal Credit, the next stage of the roll out of UC will be to 'migrate' existing eligible legacy benefit claimants on to the new benefit.

Following the withdrawal from parliament by UK Government of the regulations required to undertake managed migration, it is the intention of the DWP that a new set of regulations will be laid to allow for a 'test & learn period' starting in July 2019 during which **no more than 10,000 claimants** will be transferred from legacy benefits to Universal Credit. **CHC understands that it is likely that the pilot will take place within a fixed geographical area, likely to be in England.**

UK Government have announced that their *intention* remains to transfer all eligible legacy benefit claimants to Universal Credit between 2020 and December 2023, which would require around 100,000 claimants to be



transferred onto Universal Credit each calendar year in Wales. At the end of this process, around 400,000 households (~500k people) will be claiming UC in Wales.

The detailed process of managed migration is still under design. However, from previous draft regulations and work with the DWP, it is likely to follow a format similar to:

1. Awareness raising of process through advertising by DWP
2. Legacy claimant contacted and provide with a minimum of 3 months' notice of their migration date, before which they must claim UC.
3. Upon making a UC claim, or at the end of the 3 month+ window, legacy benefits are terminated.
4. If a claim is not made within the 3 month window, but within one month of the end, the claim can be backdated.

Managed migration is, therefore, not truly migration, rather the termination of legacy benefits and an invitation to claim Universal Credit, with some transitional protection not afforded to other UC claimants.

CHC has a number of concerns around the process, including:

- The ability of housing associations and DWP to identify vulnerable legacy benefit claimants, who will require support in claiming UC and who otherwise, could fail to claim and lose income.
- DWP resourcing for the managed migration process, including visiting officers for supporting vulnerable claimants.
- The five week waiting period for claimants undergoing the managed migration process, despite claimants undergoing managed migration receiving greater protection than 'natural' migrants or new claimants.

We are working closely with DWP to make the case for data sharing between DWP and housing associations, to ensure that HAs are aware of the migration date of vulnerable claimants, so support can be offered and rent arrears due to failure to claim UC prevented. As part of this, we are calling for a return to the system of implicit consent.

Additionally, to ensure that migrating claimants are supported, we are assessing the resourcing of visiting officers working out of Welsh JCPs and making the case for additional staff.



The DWP are engaging widely with housing in the design of the managed migration process, and CHC will continue to deliver member views through the programme of engagement.

NB: each delay in implementing managed migration leads to larger numbers of claimants entering UC through natural migration due to change of circumstances. These natural migrants do not receive any transitional protection, and so are disadvantaged compared to managed migrants.

Pension Credit

From 15th May 2019, couples where only one partner is above pension age (currently 65 for men and women (and increasing)) will have to claim Universal Credit as a couple. Up until 15th May 2019, this couple will have the choice of claiming Pension Credit or Universal Credit.

Severe Disability Premium

A gateway condition was put in place on the 16th January to prevent claimants in receipt of the Severe Disability Premium from naturally migrating (due to change in circumstances) onto Universal Credit, and therefore losing the SDP payments, as there is currently no functionality within Universal Credit to replace SDP.

Under managed migration, SDP payments will be protected, to an extent, upon migration onto Universal Credit, through the Transitional Element of Universal Credit.

Two Child Limit

Families with three or more children, where the third and/or subsequent children were born before 6th April 2017, were due to have the two-child limit on Child Tax Credits or Universal Credit applied from 1st February. This is no longer the case, and these families will be able to continue claiming CTC or UC for children born before 6th April 2017. However, families will continue to be ineligible for CTC or UC for third or subsequent children born after 6th April 2017 and in future, which shows the inequity of the policy.



53 Week Rent Year

The majority of housing associations will levy 53 rent payments in the rent year 2019/20. This occurs every 5/6 years. Under the Housing Benefit system, this does not pose an issue, as housing costs are paid weekly through HB. Under Universal Credit, payment cycles are monthly, and the Housing Element of UC is calculated as follows:

Where the period in respect of which a renter is liable to make a relevant payment is not a month, an amount is to be calculated as the monthly equivalent, so for example—

(a) weekly payments are multiplied by 52 and divided by 12;¹

This is unless rent-free weeks form part of the tenancy. In this instance, the formula is practically as follows:

Weekly payments multiplied by (52 minus rent free weeks) and divided by 12

This results in Universal Claimants being unable to claim for the additional 53rd week of rent through the UC housing element. Claimants with rent-free weeks are also affected, as the 53rd week will cause an additional week on top of the 51, 50 or lower number of rent weeks chargeable.

CHC are proposing an amendment to the UC regulations. We propose the formula for calculating the monthly housing element of UC as:

Annual rent liability divided by 12

This simple change would enable UC payments to flex year on year with the number of rent weeks and rent levels.

CHC and the National Housing Federation met with the Director General of Universal Credit, Neil Couling, to discuss this area. Good progress has been made towards mutual understanding of the 53 week rent year, and we are working with DWP officials to work towards a mutually acceptable solution.

We are exploring possible solutions with members that could be employed to lessen the impact on tenants, should the regulations fail to change in time for the 2019/20 rent year.

1

http://www.legislation.gov.uk/ukdsi/2013/9780111531938/pdfs/ukdsi_9780111531938_en.pdf



Alignment of TPD/APA Schedules With Claimant Payment Schedule

Following CHC lobbying, DWP have announced that they will undertake work in the new year to pay landlords APA/TPD payments on a monthly cycle, rather than a four weekly cycle as is currently the case. This will allow alignment of payment to claimant and APA/TPD schedules, going some way to resolving technical arrears and administrative burden created. We are working closely with DWP to ensure this work is undertaken as swiftly as possible.

It is likely that a fix will be applied by October 2019.

Rent Verification Under Universal Credit

We are working towards DWP allowing for bulk rent increase information to be uploaded to the Landlord Portal. We will update over the coming weeks, as we wish this to be allowed for the 2019 rent change.

Four Feds Six Asks

We work closely with the National Housing Federation, Scottish Federation of Housing Associations and Northern Ireland Federation of Housing Associations (the Four Feds) to lobby government for improvements to Universal Credit and the wider welfare system.

Following consultation with CHC members, we have agreed a new set of key asks of UK Government on Welfare:

- End to the 5 week wait for money. People should be able to get a payment in the middle of this period and there should be greater flexibility on payment frequency for all
- More data sharing between DWP and social landlords, and the restoration of implicit consent will mean landlords can better support tenants and prevent problems. This is key to the success of managed migration.
- Where benefit is paid direct to the landlord we need a system that is fit for purpose with the landlord receiving the payment on the same cycle as the tenant



- Increased funding for support and advice to make sure people do not miss out on entitlement including allowing backdating for more claims
- Making sure that work pays for everyone by matching monthly assessments to earnings within that period, improving work allowances and reducing the taper
- Restore inflation linked uprating to working age benefits from April 2020

We will be lobbying for these changes over 2019.

Welsh Government Mitigation of Welfare Reform

Under the legacy benefit system, links exist between Local Authorities and the benefit system, the majority of which are maintained through the administration of Housing Benefit (HB) by Local Authorities. This link streamlines access to Local Authority benefits for claimants in receipt of HB, such as council tax reduction, free school meals, discretionary grants etc., as these benefits/reductions can be applied for at the same time as Housing Benefit. In many areas, the benefits share the same form, this is regularly the case for HB and council tax reduction.

Under Universal Credit, the link between the benefit system and Local Authorities is broken. As support for housing costs is included within the UC payment, there is no need for interaction with the Local Authority in order to claim mainstream benefits. This could make it less likely for claimants to access Local Authority benefits that they are entitled to, such as council tax reduction.

CHC have called on Welsh Government and Welsh Local Authorities to work with Job Centres Plus in Wales to co-locate services and enable applications for Local Authority benefits to be made at the same time as the first appointment for Universal Credit in the JCP.

Please do not hesitate to contact us if you have any questions, or would like to discuss anything relating to welfare reform.

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