

Benefits Bulletin

The Budget and Universal Credit...

22nd November 2017 (REVISED)

Issue **10**

Introduction...

This Benefits Bulletin brings news of the changes to Universal Credit as announced in the Autumn Budget 2017 published on 22nd November. See link below for the full Budget report:

<https://www.gov.uk/government/publications/autumn-budget-2017-documents/autumn-budget-2017>

The details of the changes and when they will be implemented are not yet known in full, however it is clear that they are significant and will impact on the many residents of Wolverhampton applying for Universal Credit in the future.

It was announced that to 'support' the changes, the roll-out of Universal Credit will be made more gradual between February 2018 and April 2018. However, the intention is to complete the roll-out to all Job Centres by December 2018. However, despite our first thoughts, the Department for Work and Pensions have confirmed to us that the implementation of Universal Credit Full Service is still scheduled to go ahead in most areas of Wolverhampton from 13th December 2017.



From Six to Five weeks...

It has been announced that the standard waiting time for the first payment of Universal Credit will be cut from **February 2018** from six weeks to five weeks.

As you may already be aware, Universal Credit is normally paid in arrears following a seven day 'waiting period' followed by a one month 'assessment period' plus a 7 day administrative period during which any award would be paid into the person's bank account.

This means that most people do not get their first payment of Universal Credit until about six weeks after their claim.

The 'waiting period' rule was introduced in August 2015 as a 'fiscal saving' and because it was considered that many would have a 'cash buffer' to use for day-to-day spending. The Budget announcement removes the seven day 'waiting period' for all claimants.



100% Short-term Advance...

It was also announced that from **December 2017** the amount of the Universal Credit 'Short-term Advance' payment is to increase from 50% of underlying entitlement to 100% of underlying entitlement. People will be able to ask for a 50% advance and, after that, if needed, a further 50% advance. Any advance will still need to be repaid but there will be a new 'repayment period' (see below).

At present a person may apply for an advanced payment of their Universal Credit entitlement whilst they are awaiting their first payment of Universal Credit. These payments are known as 'Short-term Advance' payments. They can be worth up to 50% of a person's expected overall entitlement including any 'housing cost element' intended to pay their rent. To get such a payment, a person must apply for a payment either through their Work Coach at the Job Centre or by contacting the Universal Credit Service Centre on 0843 515 8476. To qualify a person must be in "financial need".

This means that there must be a "a serious risk of damage to the health or safety" to them, their partner or any children for whom they are responsible if a Short-term Advance were not be made.

Regulation 7 of the Social Security (Payment on Account of Benefit) Regulations 2013



Currently a person must make an application for a Short-term Advance payment within at least three working days before the end of their one-month assessment period following the first seven days 'waiting period' but this may change now the 'waiting period' is to be removed.

New Repayment period...

It was announced that from **January 2018** the recovery period of any Short-term Advance payment will be extended. Currently Short-term Advance payments must be repaid within six months. This is going to be extended to 12 months. It is considered that this will make it easier for claimants to manage their finances.



Example: Habib is entitled to £600 per month Universal Credit. He has been paid a Short-term Advance payment of £300 because he did not have sufficient money to buy food and pay for his gas and electric bills.

Currently Habib would be expected to repay the Short-term Advance payment over six months meaning that from his first payment of Universal credit he would only get £550 per month Universal Credit not £600 per month. However, under the new 12 months measure he would get £575 per month. He would repay his Short-term Advance payment at £25.00 per month over 12 months.

Good news for Tenants and Landlords...

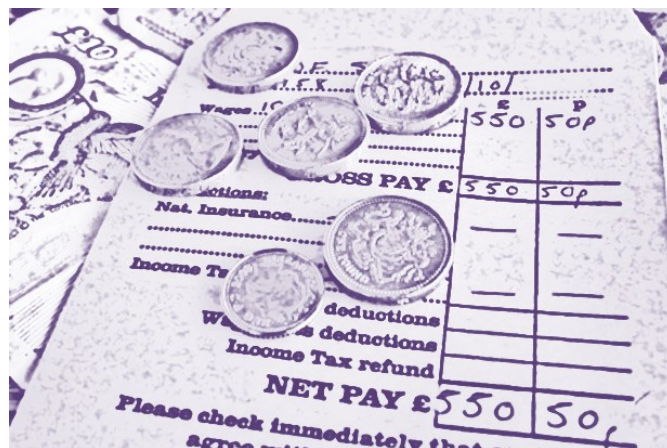
It was announced that from **April 2018** those already on Housing Benefit immediately prior to a migration to Universal Credit will continue to receive Housing Benefit during the first two weeks (so called 'Housing Benefit run-on'). The Department for Work and Pensions have confirmed that this change means that tenants will receive Housing Benefit and the 'housing cost' element of Universal Credit for the same period. It is understood that this provision is designed to ease the burden of meeting rent payments whilst waiting for the first full payment of Universal Credit.



It was also announced that the government intends to make it easier for claimants to have the 'housing cost element' of their award paid directly to their landlord to help avoid getting into arrears.

Good News for Workers...

It was announced that Universal Credit will also offer new opportunities to support people in low-paid work to 'progress' in the labour market. The Budget allocated £8 million to 'trial innovative approaches' to help individuals on Universal Credit to earn more.



Further information on the changes will be provided in future Benefits Bulletins.

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