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Briefing:

The introduction of UC to couples

Implications for associations and tenants

Contact name: Gareth Bevan
Job title: Policy Officer
Direct line: 0161 873 9449
Email: gareth.bevan@housing.org.uk

Lion Court
25 Procter Street
London WC1V 6NY
info@housing.org.uk
www.housing.org.uk

1. Introduction and eligibility rules

Since April 2013, the new Universal Credit (UC) has been introduced for new claimants in a controlled way in selected sites across the country. The initial introduction focused on four sites in the North West (Tameside, Oldham, Warrington and Wigan), and was subsequently been widened out to cover Shotton, Inverness, Rugby, Bath, Hammersmith and Harrogate. The introduction was limited to newly unemployed claimants who are single, with no dependants, no legacy benefits and not home owners.

UC was expanded to take new claims from some couples in five of the new live running sites (Inverness, Rugby, Bath, Hammersmith and Harrogate) on the 7 July 2014.¹ DWP intends to expand the areas taking claims from couples to every live running site later in the summer.

To be eligible for UC, both members of the couple must meet the existing criteria for single people claiming UC. These are:

- be fit for work
- not be pregnant nor have given birth within the last 15 weeks
- not be receiving Jobseeker's Allowance (JSA), Employment and Support Allowance (ESA), Income Support (IS), Incapacity Benefit (IB), Severe Disablement Allowance (SDA), Disability Living Allowance (DLA) or Personal Independence Payment (PIP)
- not be awaiting a decision on a claim, or appealing against a decision of non-entitlement, to JSA, ESA, IS, Housing Benefit (HB), Child Tax Credits or Working Tax Credit
- not have any caring responsibilities
- not be self-employed
- not be in education or on a training course
- not have a person acting on your behalf over your claim
- have at least one suitable account that DWP can pay your money into
- not expect to receive take-home pay of more than £330 in the next month
- not be responsible for a young person under 20 who is in non-advanced education or training
- not be a registered foster carer or a prospective adopter
- not live in the same household as a member of the regular or reserve forces who is away on duty

Also, as a couple the claimants must:

- live at the same address
- be married to each other, civil partners of each other, or living together as if married
- not expect to receive joint take home pay of more than £525 in the next month

¹ <http://www.legislation.gov.uk/uksi/2014/1661/contents/made>

- not have savings in excess of £6,000²

Associations may see other claims from couples that do not meet some of the criteria above as single people already in receipt of UC will move in with partners. Once a claimant is in receipt of UC then he or she remains on UC until earnings rise above the threshold for entitlement for more than six months. So if someone in receipt of UC moves in with a tenant in receipt of housing benefit, JSA and tax credits then the new couple will have to make a joint claim for UC. This rule means that there will be a small number of claims where there are children in the household.

Background

Since April 2013 the Federation has been carrying out a live evaluation of UC in the North West. This resulted in a report³, published in November 2013, which summarised early learning from the UC Pathfinders. It looked at all elements of the claim process and the claimant journey once on the benefit. The Federation has also been working with Ipsos Mori and the University of Cambridge. Various reports have been published, highlighting the concerns of housing associations around the introduction of UC. The research has shown:

- 94% are very/fairly concerned about the capability of tenants to cope with monthly budgeting
- 94% are very/fairly concerned about clarity over the timetable for migration of tenants to UC
- 93% are very/fairly concerned about the technological infrastructure and systems put in place by government to support the move
- 92% are very/fairly concerned about increased difficulty in rent collection
- 91% are very/fairly concerned about the additional resources needed to support tenants with transition to UC and direct payments
- 90% are very/fairly concerned about identifying vulnerable tenants to have Alternative Payment Arrangements

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/325853/uc-and-couples-questions-and-answers.pdf

³ Universal Credit: Early Learning from the North West Pathfinders, published by the National Housing Federation

2. Challenges DWP will face

Though the number of couple claimants in this first phase is likely to be low, it is important that the system is able to identify the need for an APA and personal budgeting support and that there is sufficient flexibility to deal with the variety of different dynamics between members of a couple. Once the need for an APA is identified the money needs to be paid into the correct rent account.

Although the concept of a joint claim is a familiar one within benefit rules the way that claimants will receive their money and process for claiming housing costs within UC are new. The move to a monthly single payment including housing costs presents a big challenge for people on low incomes used to budgeting over shorter periods of time with a variety of different sources of income.

The current process to identify the need for an Alternative Payment Arrangement (APA) needs to be adapted accommodate where one member of the couple does not have vulnerabilities but the other does or where conflicting information is given for example around existing debts. Either one or both members of the couple could be the tenant(s) of the property. Liability to pay rent rests solely with the tenant(s) regardless of the means used to pay the rent.

The payment of UC itself may cause issues:

- UC may be paid into the account of someone in a couple who is not responsible for paying the rent.
- UC needs to be paid into a bank account, and it will be up to the couple to decide whether to have the money paid into a single or joint bank account.
- Couples may not have much experience of budgeting jointly and on a monthly basis.

3. Ensuring a smooth rollout

The following table sets some of the potential new issues with the UC process as it relates to couples and recommendations from the Federation to the DWP.

Element of claim	New issues relating to couples and recommendations to DWP
Personal Budgeting Support	<ul style="list-style-type: none"> • Ensure that support for couples is tailored to their specific needs. • Establish a process to provide budgeting support to the partner who may be managing the couple's finances • Ensure processes are in place to uncover any debt, vulnerability and arrears issues affecting either partner within the couple and to deal with contradictory information from partners.
Alternative Payment Arrangements	<ul style="list-style-type: none"> • Ensure correct National Insurance Numbers or other reference numbers are captured from both members of a couple, to enable APAs to be paid. • Ensure the process for splitting payments between partners is effective, and also includes the housing element being paid direct to the landlord if needed. A split payment should trigger special scrutiny of the need for an APA to the landlord and the rental element of the claim could be paid to the tenant.
Historical Arrears/ direct deductions from benefit	<ul style="list-style-type: none"> • Establish processes for when couples form or split up, to ensure direct deductions for arrears continue to be made at the appropriate level.
Interim Payments	<ul style="list-style-type: none"> • Ensure that where an interim payment is made to a claimant who lives with a housing association tenant, he or she is made aware of the importance of paying the rent. • Ensure a process is in place should one member of a couple want to access an interim payment, whilst the other doesn't.
Data sharing	<ul style="list-style-type: none"> • Any agreement around data sharing needs to recognise the issue of sharing information about claimants who may not be a housing association tenant.

4. The main impacts on tenants and associations

It is likely that we will see very small numbers of UC claims from couples over the first few months because the criteria are so restrictive. However it is much more likely that a claim from a couple will include a claim for housing costs. Monthly budgeting from a single source of income may be a new experience for couple and associations should anticipate:

- UC payments being made to the bank account of partner who is not the tenant
- Difficulty budgeting and increased need to work with couples (rather than just the tenant) on the issue of prioritising rent payments
- It will continue to be challenging to identify claimants who receive UC there is a need to stress to tenants the importance of telling the landlord when a claim for UC is made
- Role of the landlord in identifying the need for either a split payment, more frequent payment as well as the need for a payment direct to the landlord.

Gareth Bevan

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