



THE PRACTICAL IMPLICATIONS OF UNIVERSAL CREDIT

Part one: eligibility

Universal credit (UC) is a new benefit which combines and replaces six existing benefits including housing benefit (HB), as well as working and child tax credits and three out of work benefits; jobseeker's allowance (JSA), employment support allowance (ESA) and income support. It is being introduced gradually over a period of time. The process has already begun and more information on the speed and nature of the rollout can be found in a separate [CIH briefing on what you need to know about the rollout of universal credit](#).

The government is currently in the process of considering transferring additional powers, including some new powers relating to welfare policy, to Scotland in the wake of the Independence Referendum and the findings of the Smith Commission. The current proposals include powers to make some changes to the way in which UC is administered in Scotland, but not the power to 'opt out' of it entirely. However, the detail of these proposals is still being determined and, even once agreed, any new powers may not actually be introduced for some time. In the meantime, the rollout of UC is continuing in Scotland on the same basis as elsewhere in the UK. More information about this is included in a separate briefing on [what you need to know about the proposed new powers for Scotland](#).

This short guide is intended for housing professionals who will be working with tenants in receipt of UC. It assumes that the reader will already have a working knowledge of the current HB system and focuses primarily on the areas where arrangements differ under UC. It does not reiterate all of the areas in which there

will be no changes, however a more exhaustive guide to help with housing costs is available to purchase from the [CIH website](#).

This is the first in a series of guides to the practical implications of UC. It focuses on the issue of eligibility and covers the following specific areas:

- basic eligibility conditions
- waiting period
- two homes
- temporary absences
- overpayments
- appeals
- sanctions.



THE PRACTICAL IMPLICATIONS OF UNIVERSAL CREDIT



Part one: eligibility

Basic eligibility conditions

Many of the basic eligibility criteria for UC are similar to the current qualifying criteria for HB. For example, claimants need to:

- be aged 18 or over and under the state pension credit age. 16 and 17 year olds are able to receive UC but it does not include any contribution towards their housing costs. As part of the Summer Budget 2015 the government have now announced that from April 2017 this will also be extended to many 18-21 year olds
- not be a student, prisoner or detained in hospital
- be present in Great Britain
- meet certain additional conditions if they are a migrant. For more information on this, see our [Housing Rights website](#).

As UC is normally calculated and paid per household (rather than per individual), for a couple to be eligible only one person needs to be under the state pension age and not a student. For all of the other criteria set out above, where one member of a couple is eligible and the other not, the couple are eligible for UC but only receive the amount normally paid to a single person.

In addition many UC claimants will also have to sign up to a new 'claimant commitment'. This makes their claim dependent on them undertaking certain activities aimed at helping them to move in to work or to increase their income. UC is therefore conditional on the claimant's behaviour, unlike HB which is not (see the section on sanctions for more information about this).

Waiting period

From August 2015 eligibility for UC will be subject to a seven day waiting period. In practice this will mean that if someone's circumstances change so that they now qualify for UC (for example because they lose their job), although they will be able to complete an application immediately they will not actually become eligible for a further seven days. As UC is then calculated monthly in arrears and paid a further seven days after that, in practice they will not receive their first payment until at least six weeks after their change of circumstances

Two homes

Currently recipients of HB are able to temporarily include two properties in their claim while they are in the process of moving, where there is an overlap and they are liable for the rent on both properties at the same time. However under UC this will no longer be the case. Instead recipients are only allowed to include two homes in their claim under certain specific circumstances:

- where they are a large family housed in two properties by a social landlord
- where they are fleeing domestic violence
- where they are waiting for essential repairs or for a property to be adapted.

Temporary absence

Currently recipients of HB are allowed to continue claiming during a temporary absence, for example while in prison or on holiday. The maximum duration for which they can do this varies depending on the circumstances but is usually either 13 or 52 weeks. Under UC this has been simplified so that in the vast majority of cases claimants are able to continue to include housing costs in their claim during a temporary absence for up to six months.



THE PRACTICAL IMPLICATIONS OF UNIVERSAL CREDIT



Part one: eligibility

The only exceptions to this are where a property is being adapted (one month) and where a claimant is fleeing domestic violence but intends to return to the property (one year).

Overpayments

In contrast to HB, all overpayments of UC are recoverable. This applies even where the overpayment is the result of a Department for Work and Pensions (DWP) error. Overpayments are usually 'clawed back' by the DWP making deductions from future payments.

Where a claimant has moved and the overpayment relates to a previous address this is still recovered in the usual way, via deductions to payments made to cover the rent on the new address.

Appeals

The process for UC claimants to challenge any aspect of a decision about their award is slightly different from the existing process for HB claimants. It is a two stage process:

- in the first instance the original decision-maker must reconsider their decision
- only after that option has been exhausted, the claimant may make an appeal to a tribunal.

In both cases the claimant must make their appeal within one month of the decision being taken, i.e. they must appeal to the original decision-maker within one month for their initial decision, then if they are still not satisfied they must appeal to the tribunal within a further month.

Sanctions

HB is not currently affected by any system of sanctions. This is because eligibility for HB is not dependent upon claimants' behaviour and because it is completely separate from 'conditional' benefits such as JSA. It is therefore still paid in full, directly to the landlord, even while other benefits are subject to sanctions. However under UC this is no longer the case.

Many claimants have to sign up to a claimant commitment, making their claim dependent on them undertaking certain activities aimed at helping them to increase their income. If a claimant is deemed not to have fulfilled the terms of this commitment, they may be sanctioned. In most cases they can lose anything up to the whole of their standard UC allowance, or 40% of it if they are pregnant or have a child under one. Although technically the housing element of UC is not reduced when a sanction is applied, in practice claimants are unlikely to see this distinction. They simply receive a reduced amount with which to pay their rent and all other living expenses.

Sanctions can be applied for anything up to a maximum of three years, although they are applied in an incremental fashion, i.e. they are applied for shorter periods initially before rising in the event of repeated breaches of the claimant commitment. As well as working age claimants who are currently out of employment, this also applies to some claimants who are in low paid and part time work and who are required to work towards increasing their hours. This means that, in contrast to the existing HB/JSA system, the DWP can now apply sanctions to some households who are in employment.

Claimants who have lost the whole of their standard allowance as a result of a sanction can apply for a hardship payment.

