

UNIVERSAL CREDIT

Information for Landlords

A new benefit called Universal Credit (UC) is gradually being introduced to replace a range of benefits and tax credits for people of working age.

This booklet helps private and social sector landlords understand the changes and how they can help their tenants prepare for direct rent payments.

It also explains what budgeting and payment support is available for tenants who may need help moving to the new system. This includes alternative payment arrangements if tenants are finding it hard to manage their Universal Credit payment.



Contents

This guide looks at:

- 3 About Universal Credit
- 6 Information for Social Sector Landlords
- 9 Information for Private Sector Landlords
- 11 Preparing for Universal Credit (UC)
- 12 Paying Rent
- 13 Calculating rent
- 14 Calculating Universal Credit
- 16 Alternative payment arrangements / Rent arrears
- 18 Budgeting Support

Universal Credit

What is Universal Credit (UC)?

Universal Credit is the new benefit that merges six benefits into a single benefit.

It is a benefit for anyone of working age on a low income; regardless of whether they are in work, looking for work, too ill to work, or caring for someone.

Features of Universal Credit:

- It needs to be claimed online;
- Payment is normally made monthly;
- The payment, which includes housing costs, is normally paid directly to the tenant.

The amount a tenant receives is worked out each month and takes account of their income, rent, household and personal circumstances.

UC is for working-age tenants only. Tenants of Pension Credit age will continue to get Pension Credit and Housing Benefit.

People can check when they will reach Pension Credit age by using the DWP's pension credit calculator. Visit: www.gov.uk/calculate-state-pension



Universal Credit

Q Which benefits is it replacing?

UC brings together six benefits and replaces them with a single monthly payment. It is replacing the following:

- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

All other benefits not included in the above list will continue to be paid as usual, such as Child Benefit, Council Tax Support, Carers Allowance etc.

Q When is it being introduced?

The DWP is rolling out UC gradually across the UK. UC is being rolled out more widely in Welwyn Hatfield from 6 December 2017.

Q How do I know which benefit my tenant should claim?

From 16 December 2017 there will be two systems in place for housing costs support – Housing Benefit and Universal Credit. Landlords will need to understand which system applies to their tenants and which organisation is responsible for payment of housing costs.

It will be the DWP and not the Local Authority that will determine who is entitled to claim UC. Tenants are advised to read the information available on: www.welhat.gov.uk/benefits.

Q How does a tenant make a claim for Universal Credit?

There are a number of steps involved in making a claim. The tenant will need to:

- Visit www.gov.uk/universal-credit
- Complete and submit online claim form

- The Jobcentre will ring the tenant to make an appointment with a work coach and agree what evidence they need to bring with them.
- Tenant attends appointment, supplies evidence and agrees claimant commitment
- UC assessment date is usually one month and seven days from the date the claim is submitted
- Payment is made seven days after the assessment date (this is around six weeks after the online claim is submitted).

Q How will claimants receive help with housing costs under Universal Credit?

In the majority of cases UC will be a single, monthly payment which is paid in arrears directly into the claimant's bank account, which means that claimants will be responsible for paying their rent.

Universal Credit payments are made up of different amounts (called 'elements') depending on the claimant's individual circumstances.

The housing element of the UC payment helps tenants with their eligible rent and service charge costs.

The DWP will, in the majority of cases, pay eligible housing costs directly to the claimant as part of the single UC payment.

Couples living in the same household will receive one monthly payment between them; this can be paid into a joint account or a single account in either person's name.

Any other adults living in the same household who are claiming UC are paid separately.

Social Sector Landlords



Q What does Universal Credit mean for social sector landlords?

The main changes are:

- Housing costs payments will be made by the DWP and not by the local council; and
- Tenants will normally get their housing costs as part of their monthly UC and will be responsible for paying their rent.

Landlords can get ready for UC by:

- familiarising themselves with the changes
- looking at how monthly paid UC will impact on rent collection and rent recovery processes
- engaging with their tenants early to start assessing their needs, and ensure they understand their responsibilities and the support available.

Q How will housing costs be worked out under Universal Credit?

For social sector tenants, the eligible rent for UC purposes is the same as it is in Housing Benefit i.e a tenant's actual housing costs including eligible service charges. Ineligible service charges under Housing Benefit remain ineligible under UC.

For more information about eligible service charges visit www.gov.uk/universal-credit and click on the link 'Universal Credit toolkit for partner organisations'.

If a social sector tenant has any under-occupied bedrooms their housing element will be reduced by:

- **14%** for one spare bedroom
- **25%** for two or more spare bedrooms

Social sector landlords can also find more information about this in the toolkit.

Q Do landlords need to make their tenants aware of what service charges are eligible for Universal Credit?

Yes. Tenants need to provide proof of their rent and eligible service charges. Landlords can help their tenant by letting them know which of their service charges are eligible (in accordance with the eligible service charges regulations and guidance).

Q Will I know if a tenant is claiming Universal Credit?

Yes. The DWP will notify all social sector landlords when a tenant makes a claim for UC.

This information will help landlords assess which tenants may need advice and support in paying their rent.

Social sector landlords must only use the information supplied by the DWP for its specific intended purposes.

Q What do I do if the details supplied by DWP do not match my tenant?

If the details provided by DWP do not match those of your tenant, you can email: uc.servicecentrehousing@dwp.gsi.gov.uk The DWP will then investigate.

Many landlords in the social rented sector receive their housing cost payments directly from their local authority. UC will be a single, monthly payment (including eligible housing costs) paid direct to claimants. Social landlords may need to look at how and when they collect their rent, and the level of support some tenants will need to make the transition to a single, direct monthly payment.



Social Sector Landlords

Q How will the DWP check rent and tenancies under Universal Credit?

The claimant must provide the appropriate evidence to support their UC claim.

Acceptable evidence can be a current tenancy agreement / rent book or a letter from the landlord and must include the following information:

- Names(s) of all tenants on the tenancy agreement
- Property address
- Current rent and frequency (eg monthly /weekly)
- Breakdown of rent type, frequency and amount of each service charge
- Number of bedrooms
- Landlord/Agent details (name/ address)
- Rent free weeks (where applicable)
- Letter signed and dated by Landlord/Agent

Q How will annual rent changes be dealt with under Universal Credit?

Tenants should tell the DWP of any changes that might affect their UC payment, including annual rent increases or decreases.

The DWP are looking at more automated ways to deal with annual rent increases, but we do not know how this will work in practice yet.

Private Sector Landlords

Q What does UC mean for private sector landlords?

The main change is that the DWP is responsible for deciding and paying housing costs support to tenants.

There are other changes:

- Currently the local council sometimes makes the first Housing Benefit payment to the landlord but sends it to the tenant's address. This will not happen under UC.
- Local councils will provide information about a Housing Benefit claim with the tenant's permission. No information will be provided by the DWP to private landlords.

Many private rented sector tenants already receive their Housing Benefit directly and pay their rent. This will continue under UC.

However, private sector landlords who currently receive a direct payment from the local authority need to familiarise themselves with the changes and prepare themselves.

For more information visit www.gov.uk/universal-credit and click on the link 'Universal Credit toolkit for partner organisations'.

Q How will housing costs be worked out under Universal Credit?

For private sector tenants, their UC Housing element will be whichever is lower out of their actual rent or the relevant Local Housing Allowance rate.

Private Sector Landlords

Q Will I know if a tenant is claiming Universal Credit?

Private landlords will not be notified by the DWP when a claim for UC is made. However, if you have a query regarding a tenant being in rent arrears who you know has made a claim for UC, email the DWP: **uc.servicecentrehousing@dwp.gsi.gov.uk**

Q How will the DWP check rent and tenancies under UC?

The claimant must provide the appropriate evidence to support their UC claim.

Acceptable evidence can be a current tenancy agreement or a letter from the landlord and must include the following information:

- Names(s) of all tenants on the tenancy agreement
- Property address
- Current rent and frequency (eg monthly /weekly)
- Landlord / Agent details (name / address)
- Letter signed and dated by Landlord/Agent

Preparing for Universal Credit

Q How can landlords help their tenants prepare for UC?

Landlords can help tenants prepare for UC by encouraging them to:

- Go online – UC is designed to be claimed online, if tenants don't have access to the internet or are not confident using a computer, their local jobcentre, one stop shop or library can help. We provide free online access and support at our weekly digital drop-in sessions at two different locations across the borough. More information is available online, visit: **www.welhat.gov.uk/housing/calendar**
- Open a bank account to receive payments – UC will usually be paid monthly in arrears, into a single account so they will need to be able to set up direct debits or standing orders to pay their bills and rent.
- Use the DWP's UC personal planner which checks what changes they may need to make to prepare for UC. For more information visit: **www.gov.uk/universal-credit**.

Paying Rent

Q What can landlords do to ensure their rent is paid?

Tenants are expected, where possible to arrange their own rent payments as they would if they were in full-time work.

Landlords should think about how this will fit with their own payment calendars. If landlords have previously received a direct rent payment from the local authority, they need to speak to their tenants and agree arrangements for collecting rent.

In some cases Alternative Payment Arrangements can be put in place to support claimants (see page 16).

Q If payments are made monthly, how will tenants pay their rent while they are waiting for their first payment of UC?

Many new claimants of UC will be coming from work and so it is considered they will be able to support themselves in the first month using their final payment of earnings.

However, a tenant can ask for a Universal Credit New Claim Advance if they are in financial need and cannot manage until their first monthly payment of UC.

A UC New Claim Advance is for people who need money whilst they wait for their first payment of UC, which will normally be one calendar month and 14 days after the date they claimed.

To be eligible for a New Claim Advance people must:

- have made a claim for UC and the DWP believes that the claim is likely to be successful,
- be considered by the DWP to be able to repay the advance within a specified period (normally 6 months)
- show they are in financial need

To apply for a New Claim Advance, an application must be made within 21 days of the claim for UC.

Claimants can either apply at the same time as their initial interview at the Jobcentre, or afterwards by contacting the UC Service Centre on **0345 600 0723**.

Calculating Rent

Q How will monthly rent be calculated if a claimant's rent is paid weekly?

UC is paid monthly. Weekly rents are calculated using the formula: weekly rent multiplied by 52 and divided by 12.

Q What about other payment frequencies, for example, four weekly?

Other payment frequencies are calculated as follows:

- four-weekly payments are multiplied by 13 and divided by 12
- three-monthly payments are multiplied by 4 and divided by 12
- annual payments are divided by 12

Q Some social sector landlords have rent-free weeks – how will these be dealt with under Universal Credit?

If rent is charged over fewer than 52 weeks, the monthly payment will be worked out based on the number of weeks rent is charged. For example, if rent is payable 48 weeks of the year, UC will be calculated as weekly rent multiplied by 48 and divided by 12.

Tenants should be made aware of any rent-free weeks they may be entitled to so that they can notify the DWP. This will help avoid confusion and ensure payments are accurate.



Calculating Universal Credit

What is an assessment period?

Each UC claimant has an 'assessment date' and a 'payment date'. These are set when the claim is first made. The customer's circumstances at the assessment date (total amount of the customer's income/earnings during the assessment period) are used to work out their UC entitlement for that month. The payment date of UC will be 7 days after the assessment date.

For example: if their first claim date is 11th December, seven waiting days will apply before their assessment period begins. The assessment period is 18th December to 17th January and the assessment date is 17th January. The payment date is seven days later on 24th January.

Their UC award is then re-assessed every 17th of the month thereafter and paid every 24th of the month. The re-assessment will take into account any wages actually received during the previous month and any changes in circumstances notified during this monthly assessment period.

Claimants with regular earnings will see a regular UC payment each month but claimants with fluctuating earnings will see UC payments vary.

Lower earnings one month will generate a higher UC payment the following month; higher earnings one month will generate a lower UC payment the following month.

Weekly paid customers will find that UC in some months is worked out on 4 weeks wages and in other months on 5 weeks wages.

What happens if my tenant changes address?

When a claimant on UC moves they will need to notify the DWP of their change of address, the date they moved and also their new eligible rent.

As UC payments are calculated on assessment periods, it is the rent cost on the assessment date that is used to work out the housing costs element of UC. Customers who change address during an assessment period will have their housing costs worked out for the whole of the assessment period based on their new rent.

For example, a tenant moving from a social sector tenancy to a private sector tenancy at a higher rent in the 3rd week of their assessment period, will have their UC for the whole of the assessment period based on the higher rent. Similarly, if a tenant moved to a lower rent, UC would be based on the lower rent for the whole of the assessment period.

What if an Alternative Payment Arrangement had been in place when my tenant moves address?

Following the change of address any Alternative Payment Arrangement that is in place - including a managed payment to the landlord, will be reviewed by the DWP and either stopped or continued, according to the claimant's circumstances.

If the managed payment does continue, and the tenant is now renting from a different landlord, the former landlord would NOT receive any UC money in respect of the rent due to them within the monthly assessment period that the tenant moves. This is because the award and payment for that monthly assessment period is based on the claimant's circumstances at the end of their monthly assessment period, at which point they were living in the new property and renting from a new landlord.



Alternative Payment Arrangements, and managing rent arrears

What happens if a tenant gets into arrears?

The DWP expects landlords to follow their usual rent collection practices. However, if the claimant is unable or unwilling to resolve a payment issue that puts them at risk of eviction, the DWP can assist landlords by considering if a managed payment to the landlord (Alternative Payment Arrangement) is appropriate.

When arrears reach the equivalent of one month's rent, the DWP will review the situation following notification from the claimant or the landlord. At this point the DWP can offer the claimant budgeting support and may decide to pay the rent directly to the landlord.

When arrears reach an equivalent of two months' rent the landlord (or the claimant) can ask the DWP to consider if an Alternative Payment Arrangement would be an appropriate course of action.

For more information landlords can find details about Alternative Payment Arrangements on the DWP website as well as a form to request a managed payment.

Landlords need to complete and return a 'landlord request for a managed payment/rent arrears form' available on the DWP website. Visit www.gov.uk/universal-credit or call the DWP service centre on **0345 600 0723**.

If your enquiry is urgent, email uc.servicecentrehousing@dwp.gsi.gov.uk.

These measures are intended to help avoid the build-up of excess levels of rent arrears and reduce the risks for landlords.

Will any claimants have their rent paid directly to their landlord from the start of their claim?

When a claim for UC is made it will be decided if a claimant needs support with budgeting. This may include putting in place an Alternative Payment Arrangement where significant support needs are identified.

In these cases DWP staff will consider information from tenants and landlords before taking a decision.

If a tenant is already in arrears when they make a claim for Universal Credit, will their rent be paid to the landlord from the start?

This will depend on the claimant's circumstances. When a UC claim is made, the DWP will work with the claimant and landlord to decide if budgeting support or an Alternative Payment Arrangement is required.

All cases will be looked at on an individual basis.

Can rent arrears be recovered from claimants through a deduction to their Universal Credit?

Yes, arrears of rent and service charges for the property the tenant is currently living in are included in the list of deductions that can be made from a UC payment.

The maximum rate at which deductions for rent arrears can be made is 20% of the standard allowance. The rate used will depend on the claimant's circumstances.

Landlords can contact the Universal Credit Service Centre by calling **0345 600 0723** to request a 'third party deduction' for rent arrears when they reach the equivalent of two months' rent.

Will landlords and other third parties be able to tell DWP if they know a claimant is likely to need support (e.g. because they are in rent arrears)?

Yes. Information from third parties (e.g. family members, support workers, the claimant's landlord), can be considered when assessing a claimant's ability to manage their finances.

For claimants not in arrears with their rent but who may benefit from some budgeting advice, the DWP can refer to appropriate supporting organisations. The council will also have staff who can provide claimants with any Personal Budgeting Support.

A relevant third party can contact the Universal Credit Service Centre by calling **0345 600 0723** to notify any concerns that they may have about a Claimant's financial capability.

Budgeting support

Q What support is in place to help tenants with budgeting?

A number of safeguards are in place to support tenants and help them manage their money.

Budgeting support is offered when claimants first move onto UC. This can be money advice or, depending on their individual circumstances, an advance of benefit.

If tenants are worried about how they will manage on a monthly basis, a claimant can ask for a UC New Claim Advance if they are in financial need and cannot manage until their first monthly payment of UC. This will be a proportion of the full payment and will be recovered over a period of time.

Alternative Payment Arrangements are available in some circumstances for claimants who genuinely can't manage their monthly payment. This might mean having a managed payment made to their landlord, a split payment, or a more frequent payment (see page 16 for further details).

Q What budgeting support is available from DWP and how do claimants access this?

Personal Budgeting Support can be offered to anyone claiming UC. Claimants needing help with monthly budgeting are initially identified through conversations with their UC Work Coach.

Many claimants will be able to help themselves through online budgeting support services that are already available, but DWP will help any claimants who have a clear need for more intensive support.

Money advice will be offered at a national and local level, and will include a mix of online, phone and face to face services.

The council offers advice and support to claimants and landlords to help them prepare for the move to UC.

Q Can a claimant have their Universal Credit paid more frequently than once a month?

More frequent payments (fortnightly) are one of the options that will be considered if a claimant is having difficulty budgeting.

The claimant should contact the DWP to be considered for an Alternative Payment Arrangement. They will also be offered personal budgeting support.

For more information visit www.gov.uk/universal-credit and click on the link 'Universal Credit toolkit for partner organisations', then click on the left hand link 'Universal Credit and rented housing' where there is a 'Social landlord support pack' available for downloading.



Universal Support—delivered locally

Q What support is available to those who are not able to make and manage a claim independently?

Welwyn Hatfield Borough Council is currently working with the DWP to agree what support will be available for the transition to UC. Information on support now available can be found at:

www.welhat.gov.uk/benefits

Claimants who are new to monthly budgeting or getting online will be able get the help they need to manage this process.

Specialist accommodation needs

Q How will supported housing be dealt with under Universal Credit?

Residents of supported exempt accommodation will have help with their housing costs provided separately to Universal Credit in a similar way to Housing Benefit in the short term.

Further Information

The DWP has produced further online information about Universal Credit to help claimants and landlords prepare for UC.

Visit www.gov.uk/universal-credit