

**The Universal Credit (Waiting Days)  
(Amendment) Regulations 2015 (S.I. 2015  
No. 1362)**

**Report by the Social Security Advisory  
Committee under Section 174(1) of the Social  
Security Administration Act 1992 and  
statement by the Secretary of State for Work  
and Pensions in accordance with Section  
174(2) of that Act**

**June 2015**



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*Presented to Parliament pursuant to Section 174(2) of the  
Social Security Administration Act 1992*

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**Statement by the Secretary of State for Work and Pensions in  
accordance with Section 174 (2) of the Social Security Administration  
Act 1992**

**The Universal Credit (Waiting Days) (Amendment) Regulations 2015**

**Introduction**

1. These Regulations relate to the introduction of “waiting days” in Universal Credit. Proposals for regulations were referred to the Social Security Advisory Committee (“the Committee”) on 20 August 2014 for consideration in accordance with Section 172 of the Social Security Administration Act 1992.
2. The Committee decided to take the Regulations on formal referral and conducted a consultation exercise with a broad range of organisations and individuals between 19 September and 17 October 2014. The Committee received 88 responses from representatives of organisations or groups, and a further eight from individuals contributing in a personal capacity. The Committee subsequently delivered its report on 17 November 2014.
3. The introduction of seven waiting days into Universal Credit was initially announced by the Chancellor of the Exchequer in the 2013 Spending Round. The current proposals follow the extension of waiting days in Job Seeker’s Allowance and Employment Support Allowance from three days to seven days, which came into force on 27 October 2014.
4. Waiting days are days served after a benefit claim has been made but in respect of which claimants, who would otherwise satisfy the conditions of entitlement, are not entitled. In Universal Credit, the policy applies, with prescribed exceptions, to single claimants who are in the All Work-Related Requirements Group, to couples where one of the couple is in the All Work-Related Requirements Group and to claimants or either of joint claimants who are not in that Group only because they have limited capability for work. This policy applies to new claims only. It will not apply to existing Universal Credit claims where a claimant moves into the All Work-Related Requirements Group as a result of a change in circumstances. The waiting days affect the full Universal Credit award including housing costs and child elements where relevant.
5. The Government has identified certain groups of vulnerable claimants that may be particularly affected by the introduction of waiting days and these claimants will not be required to serve waiting days. Additional rules also ensure that claimants migrating from legacy benefits, those moving on and off Universal Credit due to earnings within a six month period and claimants to whom a new Universal Credit award is made when a previous award has ended upon their forming a couple with, or splitting from, a joint claimant, will not serve waiting days.

## **The Committee's Report and the Government Response**

6. The Secretary of State for Work and Pensions thanks the Committee for its report on the draft Universal Credit (Waiting Days) Amendment Regulations 2014 and is grateful to the Committee and its Secretariat for working closely with officials throughout the referral and consultation process.
7. The Committee expressed its concern about the introduction of waiting days into Universal Credit and the length of time claimants would have to wait until their first payment of benefit - in particular because Universal Credit includes the housing element - and recommended the Government reconsidered the policy. However, the Committee also acknowledged the overall financial context and the need to deliver savings.
8. The Government's response is provided below.

**The report of the Committee makes the following recommendation:-  
The Committee's recommendation, based on the persuasive and compelling evidence presented to us, is that that the proposal should not proceed.**

### **Response –**

9. The Government does not accept this recommendation.
10. The Government has delayed implementing the waiting days measure to give full consideration to the recommendation of the Committee and the points it has raised. The Committee is particularly concerned about the effect of serving waiting days on people who don't have resources to fall back on.
11. The Government shares this concern and this is why we have focussed the policy on those claimants who are coming from the world of employment and who will enter the All Work Related Requirements Group and who are likely to have earnings to fall back on. The regulations include a number of important exemptions to safeguard vulnerable groups who would otherwise be affected by this measure.
12. The Committee will be aware that claimants are much less likely to flow on and off Universal Credit than existing out-of-work benefits. Waiting days will only be served at the beginning of a completely new claim to Universal Credit, which means people moving from low-income work are less likely to be affected, particularly if they have a family or significant housing costs. The policy is focussed on those coming to UC from relatively higher-income employment, which the Government views as a proportionate response to ensure support from the welfare system is concentrated on those who need it most.

13. Many people in work are monthly paid but to help claimants to manage the move to a monthly paid benefit advances of benefit will be available to help those who are in financial need.
14. The fundamental principle behind the waiting days policy is that social security is not designed to provide cover for moving between jobs or brief spells of unemployment.
15. This change is a save to spend measure: it will generate estimated savings of around £150m per annum once Universal Credit has been rolled out. These savings will fund measures to get people off benefit and into work and will particularly help those who are likely to be long-term benefit recipients.
16. The Government notes the Committee's concern that the introduction of waiting days will decrease the initial amount of Universal Credit paid. However, this is not the case. Where waiting days apply, the first day of entitlement to Universal Credit will be the day after the expiry of those days; and the claimant's initial assessment period will run from the first day of entitlement for a whole month. The first payment of Universal Credit will therefore be in respect of a full assessment period and will be made seven calendar days after the end of that period.
17. It is not unreasonable to expect new claimants, who will be in the All Work-Related Requirements Group and who are subject to waiting days, to budget for this initial period using earnings from their previous employment. If there is a new claim to Universal Credit, it is likely that the reason for the claim is that the claimant's previous earnings were above the UC threshold and have now dropped. Otherwise, if the claimant had been on a low income, it is likely that they would be migrating from legacy benefits or already in Universal Credit and would thus not have to serve waiting days.
18. The monthly payment arrangements for Universal Credit are designed to help reduce welfare dependency by mirroring the job market and are intended to ultimately make the transition into work easier. Claimants will be able to receive help with managing their monthly payments through Personal Budgeting Support. Moreover, if claimants are in financial need they may be able to claim a Universal Credit Advance.

**Throughout the report, the Committee identified a number of areas where action could be taken by the Government to lessen the impact of the Waiting Day proposals. These are as follows:-**

### **Backdating Claims**

**In recognition of the fact that some claimants do not claim as quickly as they might and may be less able to withstand a six week wait for payment, the Committee would argue that a broader range of circumstances in which Universal Credit entitlement can be backdated should form part of these proposals.**

19. Where there is a valid reason, such as illness, disability, or computer failure that has prevented a claimant from applying for Universal Credit, the claim can be backdated for up to one calendar month. Backdating is also allowed in specific circumstances when there is a delay in notifying the claimant that their previous entitlement to Job Seeker's Allowance or Employment Support Allowance has expired or when a couple separates to ensure there is no gap in entitlement between the couple claim or award and the new claim made by a single claimant.
20. Broadening the scope of the current backdating provisions to allow backdating for claimants who have chosen not to claim at an earlier date would compromise the policy and would have significant expenditure implications.
21. Most claimants will not require a backdating of their claim. The Government has made the claim process easier and has opened up more channels for making claims, including offering support to those who cannot make a claim online: we can assist claimants by taking their claim by telephone, face to face in an office or exceptionally through a home visit.

### **Test and Learn Approach**

**The Committee welcomes the 'test and learn' approach that has been adopted in so many other areas of Universal Credit policy. Given the magnitude of change being introduced by these proposals, the Committee believes that, if introduced, the Government would want to subject this policy to similar monitoring and evaluation, with adjustments made to the proposals where appropriate. We ask for a commitment that it will do so.**

### **Response –**

22. The Government welcomes the Committee's recognition of the value of our "test and learn" approach to enable a safe and controlled delivery of Universal Credit. This approach means that, at each stage of Universal Credit's development, we review its effect on delivery, attitudes, behaviour and outcomes. We capture evidence from qualitative and quantitative research as well as our own administrative data to understand how such things as monthly payments, Advances and waiting days influence claimant behaviour.
23. As with all policies, the waiting days policy will be kept under review and constantly evaluated to ensure that it is working as intended and is being delivered effectively.



## **Housing Element**

**For the reasons set out earlier in this report and in light of the compelling evidence received in response to our consultation, the Committee is of the strong view that, if introduced, the housing element of Universal Credit should not be included in the Waiting Days calculation. The Government should reflect further on exempting housing costs by way of mitigation against some of the harshest impacts of the policy.**

### **Response –**

24. Universal Credit is usually paid as a single monthly sum to households. This helps support claimants' independence and prepares them for the world of work. Households are expected to manage their own budgets, using their Universal Credit payment as they deem appropriate to meet their day to day living expenses, including housing costs.
25. The housing element is thus an integral element in the calculation of the Universal Credit Maximum Amount, which is the central building block in calculating the Universal Credit award. Excluding only the housing element from the application of waiting days would mean decoupling it from the main Universal Credit award. This would go against the policy of simplifying income-related benefits and would make the payments confusing to claimants.
26. Moreover, removing the housing element from the application of waiting days would add an additional £70-100m to the cost of Universal Credit. In addition decoupling the housing element from the single payment will incur operational costs and increase the complexity of Universal Credit payment from both an IT and user point of view.
27. Where tenants are falling into arrears with their housing costs, appropriate protections and safeguards are in place. These include trigger points for DWP intervention and recovery of arrears where they occur. It is also possible to put in place alternative payment arrangements in certain circumstances, such as a managed payment from DWP to the landlord.
28. A range of support services is available if claimants need help with budgeting and managing their money. This offer of assistance is made to all claimants as part of the UC claim. Additionally, it is intended to be a theme of discussion at subsequent work related interventions. The money advice provision encompasses referral to Money Advice Service for those who feel able to access the information themselves as well as referral to local money advice services (provided via the relevant Local Authority) for those requiring more support.
29. Furthermore, where a claimant is in financial need, they may be able to claim a Universal Credit Advance, as detailed below.

## **Universal Credit Advances**

**We [...] re-emphasise our earlier request that the Department should routinely make claimants aware of the potential availability of an advance of benefit. This could be done, for example, by appropriate wording being built into both the script used by operators taking the initial claim and the digital claim form.**

### **Response –**

30. The Government recognises that where claimants are in severe financial need, they may need to claim an Advance. Universal Credit Advances are advances against future benefit payments. As such, for those claimants who are entitled to benefit and in financial need, they can offer valuable help in the early days of a new claim. Universal Credit Advances may be claimed and received during waiting days once the claimant has signed the claimant commitment.
31. Clear information about Universal Credit Advances is already published on the gov.uk website. In addition, when a claimant makes a claim for Universal Credit, they will speak to an agent on the telephone to arrange a face-to-face interview. If during this conversation or during the interview itself, the claimant indicates that they will have difficulty managing until their first payment of Universal Credit, the agent will advise them of the availability of Universal Credit Advances and how they can claim one. The digital claim process does not currently include a reference to Advances but the Government will consider the possibility of including such a reference into later digital releases.
32. However, Advances will not be available to everyone: the Government has a responsibility to both claimants and taxpayers to ensure that Advances are made responsibly. Advances will not be paid to those who cannot demonstrate that they will otherwise be in financial need until they receive their first award of Universal Credit, or to those who will not be able to afford the repayment.

The Right Honourable Iain Duncan Smith MP  
Secretary of State for Work and Pensions  
Caxton House  
London  
SW1H 9NA

17 November 2014

Dear Secretary of State,

## **Proposed new regulation 19A of the Universal Credit Regulations 2013**

### **1. Introduction**

- 1.1 The Social Security Advisory Committee (SSAC) recently reported to you on *The Social Security (Jobseeker's Allowance and Employment and Support Allowance) (Waiting Days) Amendment Regulations 2014*<sup>1</sup> which proposed that the existing rule relating to three waiting days at the start of an award of benefit be extended to seven days. Those regulations came into force on 27 October.
- 1.2 The Department has subsequently presented to the Committee its proposals to introduce a broadly similar policy for Universal Credit. The proposals were duly considered at its meeting on 3 September.
- 1.3 During our scrutiny of the draft regulations, the Committee considered very carefully whether or not the Universal Credit proposals were sufficiently different from those in Jobseeker's Allowance (JSA) and (Employment and Support Allowance) ESA to warrant a second public consultation exercise and a further report. Our conclusion was that, whilst there was a degree of similarity, there were significant differences that merited further scrutiny. The Committee was also mindful of the fact that the potential impact on Universal Credit claimants was likely to be more significant. On that basis, we concluded that the proposals should be referred under the statutory provisions.<sup>2</sup>

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<sup>1</sup> SI 2014 No 2309.

<sup>2</sup> Sections 172(1) and 174(1) of the Social Security Administration Act 1992.

- 1.4 The Committee is grateful to the organisations and individuals<sup>3</sup> who took the time to provide thoughtful and informed responses to our consultation which took place between 19 September and 17 October 2014. It is worth noting at the outset that the vast majority of responses that we received to this consultation underlined our own initial concerns about the potential negative impact of the Government's proposals.
- 1.5 The Committee received 88 responses from representatives of organisations or groups, and a further eight from individuals contributing in a personal capacity. However, providing the number of respondents in isolation fails to do full justice to the richness of the evidence presented to us. A number of the charities and organisations who responded had clearly made a significant effort in eliciting comments and opinions from others or provided joint responses with other organisations. For example, the contribution from the National Association of Welfare Rights Advisers (NAWRA) represented a collation of views from 183 of their members. A number of organisations which oversee housing associations had similarly sought the views of those associations.
- 1.6 The Committee is also grateful to the 13 representatives of organisations<sup>4</sup> who attended our workshop<sup>5</sup> on 8 October to discuss a number of issues raised by this proposal.
- 1.7 The contributors to this exercise were substantially different from those who replied to our previous consultation in respect of JSA and ESA waiting days, with only a quarter making a fresh submission on this occasion. It is worth noting, however, that a number of the submissions to the earlier consultation had also taken that opportunity to comment on the impact of a similar proposal for Universal Credit, and we have additionally taken account of that evidence when preparing this report.
- 1.8 Finally, the Committee acknowledges the helpful and constructive support of DWP officials throughout this process.

## **2. Policy principles**

- 2.1 A number of respondents to the Committee's consultation have commented on some of the Government's stated principles underpinning these proposals. We address each of these in turn below.

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<sup>3</sup> A list of the organisations and individuals who responded to the consultation exercise is at appendix 2.

<sup>4</sup> A list of the organisations that participated in the workshop is at appendix 4.

<sup>5</sup> The record of discussion from the workshop is at appendix 5.

*Brief breaks in employment or periods of sickness*

- 2.2 The Department's Explanatory Memorandum (paragraph 45) states that:

*The principle behind the waiting days policy is that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness.*

- 2.3 That proposition may be valid in the context of benefits like JSA and ESA which are essentially out-of-work benefits; however it sits less comfortably with Universal Credit which is both an in-work and an out-of-work benefit. It means that people caught by the waiting day rule will include those who are neither having a break in their employment nor a period of sickness, regardless of length. An example would be a lone parent who needs to reduce their hours of work to care for their child who has contracted a serious illness.
- 2.4 The Committee understands that, in general, people will not receive their first payment of UC until six weeks have elapsed. In some cases it may be longer. A Universal Credit Advance may provide temporary relief for some over this initial period, but it is inevitably likely to be a difficult period for a large number of claimants. It is this aspect which has, by some margin, been the main focus of the responses we have received. The first thing that many new claimants want to know is when they are likely to receive their first payment of benefit. Delays in getting the first payment of benefit out, often for perfectly legitimate reasons, has been an issue for many years and was one of the main reasons why short-term benefit advances were originally introduced. With income-related benefits like JSA and ESA (paid fortnightly in arrears) being replaced by UC (paid monthly in arrears), the issue has taken on a heightened significance. Introducing a period of seven days of non-entitlement before an award of Universal Credit commences serves to exacerbate matters further in two ways: first by extending the period of wait; and second by decreasing the initial amount of benefit paid.

*The principle behind the waiting days proposal is "that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness". We would argue that this is quite misleading since...a period of almost six weeks is quite considerable and can only serve to exacerbate financial hardship for many individuals and families.*

**Glasgow and West of Scotland Forum of Housing Associations**

- 2.5 There is a clear view among respondents that it is precisely at this crucial time of – what is likely to be for some claimants – financial crisis, that help is most required.

*Means tested benefits are **not** earnings replacement benefits. They provide a safety net and deal with the issue of **adequacy** (i.e. ensure that the household has an adequate level of income to meet their basic needs). An income may be adequate or inadequate whether or not the claimant is in employment. Adequacy is determined by reference to the means test – not the claimant’s employment status. And the means test takes account of all of the claimant’s sources of income – including any contributory benefit. If the income is inadequate for any given period then it is illogical to expect the claimant to manage with an income – from whatever source – that has already been deemed insufficient... Even under the poor law that preceded the welfare state it was unlawful for the authority to refuse support to a person who had no income or savings even for a short period of time.*

**Chartered Institute of Housing**

*It is our opinion that the Social Security system should be both a safety net and a springboard to assist those with both short term and long term needs. Payments provide crucial financial support to those experiencing unemployment or sickness regardless of the length of time that it is required. We would suggest that it is often during the first stages of unemployment or sickness that financial support is most required. Whilst an individual’s income will have dropped significantly their outgoings usually remain static until such time as they can adjust these to suit their new circumstances or find new employment.*

**Enable Scotland**

### *Using earnings to budget for initial period of unemployment*

2.6 The Explanatory Memorandum (paragraph 45) also states that:

*Many people come to benefits directly from employment and it is reasonable to expect them to use those earnings to budget for an initial period of unemployment.*

2.7 This statement has been challenged by a number of our respondents who assert that there are many other people who do not come to benefits directly from employment and no evidence has been presented to us that suggests that position will be different under Universal Credit. In most of those other cases the person will frequently have limited income or funds. Many people coming on to Universal Credit will also be adjusting to a lower income and the need to manage existing financial commitments with less money. These proposals therefore are likely to make an already challenging situation much more difficult.

- 2.8 A number of respondents have also made reference to the changing nature of the jobs market in the UK. The traditional regular working pattern of around 40 hours a week which is reasonably well paid and where, in the event of lay-offs, redundancy payments would be available, is declining.

*The statement that there is a 'reasonable expectation' that those coming direct from employment should have sufficient financial capacity to budget for an initial period of unemployment sweeps aside the economic realities of low paid work, zero hour contracts and in work poverty all of which to conspire to undermine any form of financial resilience.*

**Charter Housing Association**

*Even where people have been employed prior to claiming, in an economy rife with low pay and zero-hours contracts, expecting them to rely on a savings buffer – which many of my residents simply do not have – is unreasonable.*

**Mayor of Newham**

*...those coming on to benefit from SSP will already have been on a low income and are less likely to have money set aside.*

**Derby City Council**

*The policy relies on claimants having payments from previous employers and does not appear to take into account company failures, receiverships, temporary contracts, nil hour contracts or weekly cash payments from small local employers. As a recent local example, almost 1,700 jobs are to go at the failed mobile phone retailer Phones 4U. We understand that Phones 4U staff with less than two years' service are likely to receive no redundancy payment...*

**Aspire Housing**

- 2.9 There were also a sizeable number of responses which challenged the assumption that anyone coming from work would necessarily have savings which could reasonably be expected to tide them over the initial period without income.

*The assumption that claimants will have “rainy day money” to tide them over the period between claim and first benefit payment is specious.*

**Scottish Federation of Housing Associations**

*Our customers told us that after being on the Work Programme or in low paid employment for several years, none had any significant savings. The main concern was not being able to provide food for their children. For many, there were fears that this may result in social services being involved.*

**Papworth Trust**

- 2.10 By the same token there will obviously be some people with savings who claim Universal Credit for the first time. The question as to the balance between those with sufficient savings and those without has not been resolved in the supporting paperwork presented to us. The Committee understands that policy needs to be designed for the majority rather than a minority, but we are keen to have clarification about the rationale behind the decision to provide only partial mitigations for the minority.
- 2.11 Various studies were cited in support of the argument that many low and middle income households do not in fact have savings, and that even fewer have sufficient savings which could support them for the gap between claiming and receiving their first payment of Universal Credit. For example, DWP’s figures reveal that 40 per cent of children in the poorest fifth of households live in a household with no savings, as do 31 per cent of children in those in households in the second bottom quintile of the income distribution.<sup>6</sup>
- 2.12 Reference was also made to the following sources:
- research by **HSBC**<sup>7</sup> which reported that 8.8 million households or 34 per cent of the UK population have less than £250 in savings and do not have the means to cover a week’s rent and living costs if the breadwinner’s job were to end;
  - a report into savings by **Scottish Widows**<sup>8</sup> that found that of those with no savings, two thirds of them had debts;

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<sup>6</sup> ‘Households Below Average Income 1994/95 – 2011/12’, Department for Work and Pensions, June 2013

<sup>7</sup> ‘8.8 million households would not last the week on their savings’ HSBC, November 2013

<sup>8</sup> ‘Savings Report 2014’, Scottish Widows



- the **Family Resources Survey 2012/13**<sup>9</sup> which estimates that 35% of households do not have any savings;
- a study by **Policis**<sup>10</sup> in 2012 involving nearly 2,000 interviews with social tenants for the National Housing Federation. They found that the majority manage their budgets over short periods of time, often with very little savings. The study commented: *“the prevalence of weekly cash budgeting is not simply a reflection of the current timing of benefit income flows, as is evidenced by the high proportion of monthly-paid social tenants in work who manage in cash. Fundamentally, weekly cash budgeting reflects the effort to ensure that, on the one hand, spending is closely controlled, by being limited to cash in hand, and, on the other, that the risk of running out of funds is minimised, by limiting the timescale over which budgets are managed.”*;
- a report by the **Resolution Foundation**<sup>11</sup> estimated that of the 5.6 million low and middle income households in the UK, just over half had no savings at all and two thirds had less than enough savings to see them through a month; and
- an unpublished study by **New Charter Housing Trust Group** who conducted their own research amongst their tenants and found that –
  - 72% of the tenants surveyed said they had no savings and would therefore struggle to bridge the income gap;
  - 59% had money worries;
  - 27% did not have enough to manage; and
  - 33% of those with a bank account had to use the overdraft facility available to them.

### *Focusing on looking for work rather than claiming*

2.13 Part of the rationale for introducing a period of seven waiting days was expressed by the Chancellor of the Exchequer when he said that *“those first few days should be spent looking for work, not looking to sign on”*.<sup>12</sup> Notwithstanding the fact that the waiting day period begins after, and not before, the individual has completed the claiming process and fulfilled the various conditions of entitlement such as completing a Jobseeker’s Agreement, respondents have questioned whether this policy will strengthen any work-search motivation.

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<sup>9</sup> Family Resources Survey United Kingdom 2012 to 13, Department for Work and Pensions and Office for National Statistics

<sup>10</sup> ‘Optimising welfare reform outcomes for social tenants’, Policis

<sup>11</sup> ‘Squeezed Britain 2013’ Resolution Foundation, 2013

<sup>12</sup> Hansard 26 June 2013, Col 315

*Looking for work can in itself be expensive. It costs money to travel to Job Centres and Employment services, or to undertake short training courses. There are numerous costs ranging from printing and posting application forms and CV's, the cost of using internet, purchasing suitable interview clothes, travel costs to get to interviews, and even childcare. The funds to meet these costs will not be available as they will be diverted to cover more basic household needs.*

**Enfield Council**

*The stated intention of the policy is to send out a "work first" message. However, while it is important to highlight that moving back into employment is a priority, removing access to financial support is unduly punitive and counterproductive. It ignores the fact that losing employment is highly stressful on a household and introducing additional worries about paying housing costs or providing for children without a financial safety net can only inhibit the search for work.*

**Lambeth London Borough**

*'It stopped me from searching for work as I had no money to get to different employers'.*

*'My focus turned to survival, rather than gaining employment'.*

**YMCA**

***[comments from young people awaiting their first benefit payment]***

- 2.14 The point was made very strongly by those who attended our workshop that many claimants do in fact look for work first. They suggested that, in the immediate wake of losing a job, individuals are often buoyed along initially by the thought that they would soon be back in work. It is only when a number of their job applications have been unsuccessful that they come to terms with the reality of their situation and make a claim for benefit. By that point, they may have used any savings that they had. For them, having to serve waiting days will come as a further demoralising blow.

- 2.15 **In recognition of the fact that some claimants do not claim as quickly as they might and may be less able to withstand a six week wait for payment, the Committee would argue that a broader range of circumstances in which Universal Credit entitlement can be backdated should form part of these proposals.**

*Reinvestment of benefit savings*

- 2.16 Another statement in the Explanatory Memorandum (paragraph 46) that has attracted comment from respondents is:

*...these savings are being invested in new measures to get people off benefit and into work...transferring money from this measure to new work-focused activity aims to tackle the root causes of poverty by moving people into work.*

*... this argument makes no sense in the case of the housing costs element as it is not related to an ability to work but to a need to pay the rent – as recognised by the fact that it is paid to individuals who have no work-related conditionality as part of their UC.*

**Homeless Link and Drugscope**

*We do not think that further funding for new labour market measures should be paid for out of benefit cuts. There are already concerns regarding the value of these current work programmes and minimum performance levels. Increasing the risk of debt for new claimants will not assist with their employability.*

**Surrey Welfare Rights Unit**

- 2.17 Requiring people to serve waiting days in Universal Credit may also act as a disincentive for claimants to take up fairly short periods of work. Whilst an exemption from the rule is proposed if a new award begins within six months of a previous one ending, it will affect anyone whose work terminates after six months. It may take an initial claim from someone new to UC to realise the effect of the waiting day rule, but once having experienced its impact, there may be a reticence to try insecure work the second time around.

*Our geographic area encompasses a number of industries and employers that make frequent use of seasonal staff and zero hour contracts. We are concerned the proposals could deter the take up of employment opportunities within these industries or with such employers if individuals were to find themselves frequently without income.*

**Aberdeenshire Housing Partnership**

*Even though the economy is recovering, there remains a chronic lack of work in many parts of Wales, especially the post industrial valleys. What work there is consists in many areas largely of agency work on part time, temporary or zero hours contracts (or all three). The rules provide a disincentive for people to take up what employment is available, for who would want to subject themselves and their families to repeated five week income lapses each time a period of short term work came to an end?*

**Oxfam Cymru**

### **3. Period of Payment**

- 3.1 There are two aspects of Universal Credit which make this proposal qualitatively different from the proposal we considered in relation to JSA and ESA. The first is the period of payment. Whereas JSA and ESA are paid fortnightly in arrears, one of the foundation stones underpinning Universal Credit is that assessments and payments are made monthly. The periodicity of payments is outside of the parameters of this report, but it is nonetheless an inescapable aspect of what has to be considered when it comes to assessing the impact of waiting days. For example, if having to serve waiting days creates financial tension in a household, the fact that the first payment of Universal Credit will not be made until a period of over one month has elapsed, is a significant exacerbating factor.
- 3.2 Of the submissions that we received, few failed to mention the monthly payment cycle of Universal Credit. The Government's intention that benefit payments should mirror the typical pattern of remunerating employees is understood, but inevitably some people coming to benefit from weekly, fortnightly or no pay at all, will face an unenviable challenge to get through to the first payment of benefit. Monthly paid employees would normally expect to receive wages at the end of the month in which they begin work, and full monthly payments thereafter. Few would have to work six weeks before receiving their first payment. To that extent the Government's desire to match benefit payments to monthly wages is only achieved at the point at which the claimant has got over the initial period between date of claim and first payment of benefit proper and started to receive regular monthly payments.

*Most large employers pay new employees at the end of the month in which they start work, i.e. less than 1 month after starting work, and of course they must pay employees from the date they start work. Therefore these proposals undermine the assertion that UC will replicate employment.*

**Portsmouth City Council**

- 3.3 It has been suggested to the Committee that, because the waiting day issue in Universal Credit is so inextricably bound up with the delay in getting the first payment of benefit to the claimant, it seems sensible to adopt a more tapered approach towards the payment of Universal Credit in the early stages of the award. The initial payments could be made fortnightly for example, and then moving to a cycle of monthly payments at a later date. This would not work so well for working claimants, and nor does it protect claimants from financial stress over the period of changing periodicity cycles. There would however be some claimants for whom such an arrangement would soften the hardship when it is all focused on the initial claiming period. This suggestion goes further than the issues raised by the strict terms of our consultation; however it is an interesting proposition and therefore we include it for completeness. Giving claimants an element of choice about the timing of their payments at the start of an award would not provide a solution to the questions raised in this report. However it might take some of the sting out of the impact, particularly for non-householders. It is also worth noting that periodicity payments in Universal Credit, with a much greater option for fortnightly payments, is something the Department for Social Development in Northern Ireland is currently considering.
- 3.4 Several contributors commented on the continuing practice of paying workers at weekly and fortnightly intervals. Whilst such patterns of payment are more typical amongst the lower paid and part-time workers, that is precisely the group that Universal Credit is designed to support. Social Market Foundation's publication *Sink or Swim?: The Impact of Universal Credit*<sup>13</sup> notes that just half of people earning less than £10,000 a year are paid monthly.

*One in five of all earners are currently paid weekly or fortnightly. [Labour Force Survey, Family Resources Survey and Annual Survey of Hours and Earnings (see <http://wbq.org.uk/pdfs/universal-credit-payment-issues-sept-2011-revised.pdf> for sources]. The government itself cites evidence that only half those earning under £10,000 a year currently get paid monthly.*

**CPAG**

<sup>13</sup> Keohane N and Shorthouse R, 2012

- 3.5 The difficulty that the policy presents is that new claimants will need to come on to benefit with some savings behind them to tide them over an initial period of weeks. Without independent means or sympathetic friends or family members to provide support, the outlook could be bleak for a number of claimants.

*... a significant number of low paid jobs pay employees weekly, and have a one week notice period. This requires claimants to have saved up at least five weekly pay packets before they get any payment, which is likely to cause hardship and financial problems for claimants.*

**Citizens Advice Scotland**

*We feel that is not reasonable for claimants to be expected to budget over such a long period, particularly when they are likely to be experiencing a change in circumstances (such as unemployment or illness) which makes budgeting especially difficult.*

**Irish Community Care**

- 3.6 There is clear concern among our respondents about the period during which the claimant is required to continue to satisfy the conditions of entitlement as they await their first payment of benefit.

*...we are...worried about the impact on how long claimants will have to wait for the first payment of Universal Credit into their accounts. Administrative delays in the current system already cause significant hardship, with many claimants finding that they do not qualify for advance payments, or are not told about them or receive them too late for them to be of much use. Many are already turning to payday lenders; food banks also report that such delays are one of the main reasons for the increase in demand they are experiencing. Under UC this problem will worsen:...we are concerned that tens of thousands will be affected and not receive advance payments during this period (because the stringent criteria exclude them, or they are not told about them or receipt is delayed for other reasons).*

**TUC**

- 3.7 There are also concerns that people may need to wait longer for the first payment to arrive, for example because of unforeseen issues with the new IT system being put in place to deliver Universal Credit.

*The recent launch of Personal Independence Payment (PIP) and the extensive unacceptable delays of that benefit show that new systems do not always go to plan. The UC system is arguably a far higher-risk system than PIP due to the complexity of the payment and the supporting IT. It is possible that claimants could be waiting many weeks before payment is made. A week of non-entitlement added on to the beginning of this period will only cause further hardship.*

**Surrey Welfare Rights Unit**

- 3.8 We understand some categories of claimants, including the self-employed and homeless, tend to have to wait longer for payment of benefit and that this has the potential to cause hardship. For example, a self-employed person whose business has failed may be in a highly precarious financial position and have substantial debts at the point at which they make a claim for Universal Credit. YMCA England has advised us that many of the young men with whom they work often encounter a delay in the processing of their claim, particularly if they are homeless. They cite the lack of telephone or computer access, the absence of a bank account and problems in producing documents to establish identity as all being factors which commonly contribute to slowing up the process of getting a claim successfully determined.

#### **4. The Extent of Universal Credit Payments**

- 4.1 A further aspect of Universal Credit which distinguishes it from JSA and ESA is the fact that the benefit payment encompasses so many elements, including: housing costs, allowances for children and child-care expenses. The amount at stake in serving waiting days in Universal Credit can therefore be substantially greater.
- 4.2 The fact that the Committee received so many submissions from landlords and their representatives is an indication of the degree of anxiety that has been generated in the housing market by this proposal. Claimants who have to serve waiting days will be obliged to find a week's rent from their own resources, and that is causing concern. There is no criticism of claimants in the responses we have received. Instead there appears to be a recognition that, when faced with the prospect of having to manage from their own resources for an uncertain but somewhat lengthy period, exacerbated by the knowledge that benefit will not be paid belatedly for the first week, claimants will understandably give priority to feeding their family. Rent is unlikely to be the number one priority.

*[we accept that this rule] “could easily lead to a scenario where [claimants] are in arrears through no particular fault of their own.”*

**National Landlords Association**

- 4.3 Landlords have commented that, in their experience, rent arrears have risen significantly in step with cuts in housing benefit expenditure and that they are indirectly funding benefit cuts.

*Many landlords have expressed concern about the payment of Universal Credit at the end of a calendar month leading to late payment of rents and other bills. Adding a further barrier to claimants being able to meet their financial obligations is likely to result in an increase in the number of landlords no longer willing to accept these people as tenants. The increased risk of homelessness will add to the costs of policing and health services.*

**Cornwall Residential Landlords Association**

*What income households do have is likely to be used for buying food and paying utilities which may significantly impact a tenant's ability to pay their rent. The impact of these proposed regulations could lead to increased poverty, reliance on food banks, evictions and homelessness. It may also impact on the relationships between tenants and landlords and increase the demand on local support services.*

**Highland Council**

*We are concerned that rent arrears will increase, as one cannot “foodbank” one's way out of missing one week of housing costs that are met by UC.*

**Homeless Action Scotland**

*We are mitigating some of the risks of poor financial management by working with our residents...together with a number of partners including the local Credit Union, the CAB and Money Advice Centre. Whilst we are beginning to see some early positive results we are concerned the new seven-day waiting period puts our residents in a potential debt trap which makes it near impossible to save money as the resident will be at least one week's rent in arrears from day one.*

**Melton Borough Council**



- 4.4 There is a clear risk that these proposals may damage an important relationship – that of landlords (particularly those who provide social housing) and their tenants who are likely at some stage in their lives to need to claim Universal Credit.

*For us, if this proposal is adopted, it means that our interaction with any new UC claimant would always be in relation to the recovery of rent arrears. This is not in the spirit of the supportive approach advocated by the UC guidance.*

**New Charter Housing Trust Group**

- 4.5 Notting Hill Housing Trust has advised us that someone in their area may take a long time to pay off the arrears they owe on their rent and, throughout that period, will be refused access to Homeswapper and Locata and will be unable to move house. Having rent arrears therefore has the potential to inhibit the free movement of labour. This is an important consideration for Government in that Universal Credit is founded upon a principle of freeing people to take work and become more independent.

*Changes to the welfare system have contributed to a 50% drop in the last three years (46% to 22%) in the number of landlords willing to let property to those in receipt of housing benefits. We believe the proposed changes will further accelerate this departure from the housing benefit sub-sector of the Private Rented Sector (PRS)...If a tenant could potentially be without money for six weeks it creates another barrier to the PRS being a viable option for welfare recipients. Government need to give more credence to how significantly the market is reacting to policy changes and the potential implications for housing policy if this exodus continues. The strength of the PRS is its ability to allow people to move to areas of employment with relative ease, and anything that prevents people moving for work is likely to be detrimental to Government ambition to help people into employment.*

**British Property Federation**

- 4.6 Rent arrears is not only damaging for claimants, it can also have a significant impact on landlords.

*Peabody is concerned by the impact this measure will have on residents, but also on our business. Shortfalls in rent cost us in arrears and put our finances at risk. Whilst we do our best to help residents in financial trouble, we must also look after the financial situation of the business.*

**Peabody**

- 4.7 A number of landlords and their representative bodies referred to the threat that this puts upon their income stream. Some social landlords provide support for their tenants in a number of ways, including help with budgeting. That inevitably has its own costs and, in the event of this proposal proceeding, is likely to increase.

*A delay will ultimately have a negative impact on our income stream and our ability to invest in other areas of our business. This proposal will increase the risk of tenants not having enough money to pay their rent, resulting in arrears and us having to invest time and resources in chasing the outstanding debt.*

**Waterloo Housing Group**

- 4.8 The Committee is of the view that the Government should reflect on the potential impact on those who provide and maintain social housing. Many of the providers of social and private housing who responded to our consultation noted that they had ambitious plans to build more homes in the future. They are concerned that these proposals will, to some extent, jeopardise those ambitions. The growing willingness of landlords to pull out of the market of letting to recipients of benefit is also a concern. Homeless Link, for example, has highlighted that their own research indicates that the numbers of properties being made available to claimants is declining. They also advise that there is evidence that more landlords are considering withdrawing from the benefit market.
- 4.9 Additionally, on the basis of a study conducted three years ago, the National Landlords Association concluded that nearly 50 per cent of landlords aimed their properties at tenants on benefits. Now it is 22 per cent and may decrease further when the full impact of these proposals is appreciated. At the same time homelessness statistics<sup>14</sup> show that, since around 2010, homelessness has been on a slight upward trend after having fallen dramatically from its peak in 2003/04. We understand that one of the main reasons for this is that when a tenancy ends there is an increasing shortage of alternative suitable accommodation.

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<sup>14</sup> <https://www.gov.uk/government/statistics/statutory-homelessness-in-england-april-to-june-2014>

*Our particular concern is from the perspective of landlords who already have major concerns around whether it is worthwhile to rent to benefit claimants. If a landlord is asked to house a Universal Credit claimant knowing that he will have to wait six weeks at the point of a new claim it will mean additional delays in receiving the first element of housing costs. For existing tenants where a new claim has to be made with the extra waiting period this will mean additional arrears accruing...All of this simply makes renting to Universal Credit claimants a less economically viable proposition.*

**Residential Landlords Association**

- 4.10 Since the Government states that it does not intend to exempt housing costs from the Universal Credit waiting day rule, it therefore follows that claimants in rented accommodation in expensive areas will fare worse than those in less expensive areas. This point was made by a number of respondents from London and the south east where housing costs take up such a high proportion of an individual's financial commitments, particularly of those on benefit which has always been set at a national rate.

*It seems inequitable that the amount of money individuals will effectively "lose" will largely depend on the costs of renting in the broad market rental area in which they reside and the type of tenure they have. Those in higher cost areas and/or in the private rented sector will have more debt than those elsewhere...a person losing seven days housing costs in central London will face a debt three times that of people in some other parts of the country.*

**Homeless Link**

- 4.11 In the same way those who, because of the size of their family, need a larger home, may also be disproportionately disadvantaged.

*...it will impact all those paying a high rent whether because it is a large family, in the private sector or in an expensive area such as London and the south east. It will also hit more forcibly those whose benefit is capped or whose rent is not fully met because of the spare room subsidy rules.*

**NAWRA**

## 5. Impact

- 5.1 The impact on claimants is likely to be felt in a number of ways. For example, although of itself these proposals should not mean that anyone would be evicted from their homes, it could be the tipping point for someone already in arrears. Some of those responding to our consultation have queried whether, in the event of eviction, an individual would be treated as intentionally homeless, and it would be helpful to have clarification from the Government on this matter.
- 5.2 The Committee understands the Department's objective to encourage people to take personal responsibility for their financial commitments, but nonetheless welcomes the decision to operate Alternative Payment Arrangements (APA) for those who have, or who accumulate, a substantial amount of rent arrears.
- 5.3 The Committee is concerned that this policy almost inevitably will put some new tenants in the demoralising position of starting off with significant rent arrears, particularly as rents are generally paid in advance. Indeed some claimants may be coming on to Universal Credit with a significant amount of debt already. This, coupled with the prospect of rising interest rates at some stage in the near future, could lead to a downward debt spiral for some claimants.

*This risks creating a spiral of debt, including a cycle of rent arrears which could lead to homelessness. Many households will borrow money, or sell or pawn household items in order to make ends meet, putting more pressure on their finances. There are well documented links between poverty and poor health outcomes, so the impact will not be solely financial.*

**Portsmouth City Council**

- 5.4 Several respondents commented upon the rise in conditionality and sanctions. We are advised that some people are claiming JSA and incurring a benefit sanction at the outset of their award. The prospect therefore of having to serve waiting days before receiving a reduced rate of benefit for a period of time is an added aggravating factor. Irish Community Care commented, for instance, that their experience is that there have been cases where benefit is affected by the benefit cap and a benefit sanction at the outset.

*... there is uncertainty about the position of zero hours contracts and whether a person can be sanctioned for not taking a zero hours job. If a person leaves a zero hours job and incurs a sanction the waiting day rule will exacerbate their plight.*

**Citizens Advice Scotland**

- 5.5 As previously stated, a family that has little or no resources with which to manage during a period of up to six weeks, exacerbated by the waiting day rule, will inevitably focus on survival rather than looking for work. That, of course, runs the risk that the claimant fails to fulfil the terms of the claimant commitment and will incur a sanction.

*If the claimant does not have sufficient money for essentials such as food and heating then they are unlikely to be able to maintain the requirements of their claimant commitment thus incurring sanctions and further financial penalty which only exacerbates the situation.*

**NAWRA**

- 5.6 Just as the relationship between landlord and tenant could be damaged by this measure, there is a risk that claimants could disengage from any involvement with the Department with the result that constructive advice and support regarding finding and securing work is either unheeded or not given.

*Homeless Link sanctions research found that feelings of being harshly treated by Jobcentre Plus often decreased client motivation to engage with JCP or to seek work opportunities. Similarly, research by DrugScope found that conditionality and/or a perceived poor treatment meant that some jobseekers were reducing contact with Jobcentre Plus to the bare minimum rather than encouraging engagement and frank, open conversations. This change risks having a similar impact by increasing belief that the system is created in a way which aims to “catch people out”.*

**Drugscope**

- 5.7 The National Housing Federation have noted that if a single young person is homeless without having made a benefit claim, and is then admitted to a hostel, they will be able to claim Housing Benefit which will be paid with no waiting day period. If, however, the same homeless person moved into a shared private rented flat with the support of a local charity rather than a hostel, they would have to wait seven days before any entitlement to help with housing costs was available. There is therefore an incentive to direct the young person towards more expensive hostel accommodation. That, in turn, would increase the pressure on limited places at hostels.

- 5.8 As with our previous consultation, many submissions to the Committee have highlighted the potential deleterious impact on the health - both physical and mental - of those affected by the new measure. Respondents placed a particular emphasis on the mental health of claimants as many will almost certainly be encountering significant levels of stress and anxiety.

*We ... anticipate that increased hardship and poverty amongst tenants will result in higher levels of stress and mental ill health which in turn will affect their ability to work.*

**Melville Housing Association**

- 5.9 Scottish Action on Mental Health (SAMH), in their response to us, referred to their publication entitled *Worried Sick*<sup>15</sup>, a research report into experiences of poverty and mental health across Scotland. In it the relationship between socio-economic deprivation and health inequalities and outcomes is highlighted. They also say that, in their assessment, the proposed change will result in a further deterioration in mental health amongst those who are directly impacted by the policy.

- 5.10 The potential impact upon the health of claimants is of great concern to the Committee as the proposals do not carry any exemption for those with serious health conditions, other than terminal illness. The impact on people with disabilities is likely to be even greater: first because Universal Credit can contain an element for disability (which would be caught by the waiting day rule) and because of the potential additional costs that might arise as a consequence of the disability.

*The difficult choices people with little or no income have to make to cut back on, or choose between food and fuel, have a disproportionately great effect on disabled people. This is because they may need to stay in the home and keep it warm or they may have specialist diets etc.*

**Derby City Council**

*The inclusion of housing, child and disability costs in Universal Credit payments means [that, because of waiting days] ... an important safety net for vulnerable customers, especially disabled customers and those with children, [is removed].*

**Wheatley Group**

<sup>15</sup> SAMH, 2014. *Worried Sick: Experiences of Poverty and Mental health across Scotland*. <http://www.samh.org.uk/mental-health-information/know-where-to-go/worried-sick-experiences-of-poverty-and-mental-health-across-scotland>

- 5.11 The effect of the waiting day rule will also affect carers of disabled people and lone parents of children under three whose current entitlement to income support has no waiting day rule. In future they will need to claim Universal Credit and will therefore be required to serve waiting days before any award can begin.

*This will place an additional hardship on them while they are adapting to their new and changed circumstances, and will affect their ability to provide effective care. In many cases, lone parents who have previously lived with a partner may be younger and less experienced at budgeting, and more at risk from using payday lenders.*

**Radian**

- 5.12 It should also be noted that those who would currently claim income-based ESA have three months in which to make their claim. Increasingly claimants in that category will have to claim Universal Credit. The backdating of a claim is permitted where a person has a disability or an illness. However, such a decision is dependent upon the claimant being able to demonstrate, to the Secretary of State's satisfaction, that the nature of the illness or disability had prevented the claim being made earlier.<sup>16</sup>
- 5.13 The Committee referred in its previous report to the effect on local authorities and charitable bodies. This has again been emphasised by the representatives of such institutions and organisations. There is concern that, whilst there may be savings for central government, local government is incurring greater costs as a consequence. Local authorities have statutory responsibilities towards the homeless, particularly with regard to children, and the costs of having to find and fund suitable accommodation is not an inconsiderable one.

*London Boroughs alone have spent £630m on housing homeless people in emergency housing since 2010, with Haringey council alone spending £197million on emergency housing.*

**British Property Federation**

<sup>16</sup> Regulation 26 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payment) Regulations 2013 (SI 2013/380).

*The memorandum reports that the change is 'primarily a cost-saving measure' with savings generated of £200 million per annum from 2016/17 in line with UC roll out. We consider this to be an exercise in fiscal displacement; whilst it is inevitable that the gap in benefit entitlement will create a saving for government it is equally inevitable that registered social landlords (RSLs) and tenants by default will effectively become the funding source. The effect will be twofold: increased financial hardship for tenants and impacted income streams for RSLs.*

**Charter Housing Association**

- 5.14 The implications for local government go wider than a requirement to meet immediate housing needs. We are advised that the proposal is likely to mean an increased call upon the various care services offered by local social services departments as well as by the charitable sector. There are also implications for other Government Departments, the NHS and agencies attached to the criminal justice system. Some respondents have also suggested that this measure is likely to result in an increase in crime, such as shop-lifting.

*We would question the fact that prisoners are protected from the 7 day wait because there is a risk of reoffending. If this is true then any wait for Universal Credit and lack of finances could cause other financially desperate claimants to offend for the first time.*

**Milton Keynes Council**

- 5.15 Reference has also been made to the likely effect that the change will have on Local Welfare assistance in England, the Discretionary Fund in Wales and on the Scottish Welfare Fund.

*We are most concerned that this is due to take effect at the same time that the Local Welfare Provision Funding (LWPF) is being withdrawn. At Islington for the LWPF in 2013/14, 1785 people accessed community care or crisis support and we spent our full £1.2m allocation. This year we are heading towards an overspend of our allocation... It seems inconceivable to us that activity to increase the number of days for a claimant without benefit will not have an impact on the LWPF.*

**Islington Council**

- 5.16 There is also concern among respondents about the potential effect upon Discretionary Housing Payments (DHPs). Whilst it is acknowledged that some local authorities have an under-spend against their DHP allocation, there are others where the budget is under severe pressure.



*So whilst there may be a saving to DWP benefit payments, there will be a huge increase in the need for DHP payments, local assistance support, debt advice, temporary housing to cover homelessness, health care to manage increased levels of depression and anxiety.*

**West Lindsey District Council**

- 5.17 Several respondents expressed concern that the traditional safety net of state provision is being removed by this proposal, and the fact that claimants are, as a result, increasingly having to rely on food banks and payday lenders.
- 5.18 As far as food banks are concerned, the Trussel Trust asserts that benefit delays account for 31 per cent of all referrals. Similarly YMCA England report that increasing numbers of young people with whom they work are already being referred routinely to food banks as a direct consequence of delays in receiving payments of benefit. It may not be possible for food bank charities to support individual families for periods of up to six weeks under the rules by which they operate at present. The provision of support from food banks is also unlikely to be consistent or universally available throughout the country.
- 5.19 In terms of payday lenders, there is a clear concern among respondents about the growing reliance of claimants on high-cost loans and their vulnerability to illegal lenders.

*...we are concerned about the level and type of debt people will incur as they try to bridge the gap. Those with low level of financial capability are unable to access mainstream financial services and are therefore vulnerable to subprime, high-cost lenders. Our biggest fear is that claimants will resort to borrowing from loan sharks. Social housing tenants are already vulnerable to unscrupulous lenders due to low, fixed incomes and no access to mainstream forms of borrowing. This period of nil income can only exacerbate an already tenuous situation.*

**Community Housing Group Cymru**

*A claimant knowing that they will be missing out on a week's payment which includes rent, is likely to be driven to taking emergency loans from organisations which exploit vulnerable people hurt by poverty. We know that loan sharks target those on low incomes when they are in an emergency financial crisis. At the sharper end we would also be concerned that there would be a thriving market for illegal moneylenders in providing relatively small amounts of credit to a person or family.*

**Homeless Action Scotland**

- 5.20 The Committee welcomes the 'test and learn' approach that has been adopted in so many other areas of Universal Credit policy. Given the magnitude of change being introduced by these proposals, **the Committee believes that, if introduced, the Government would want to subject this policy to similar monitoring and evaluation, with adjustments made to the proposals where appropriate. We ask for a commitment that it will do so.**

## **6. Exemptions**

- 6.1 In our earlier report on ESA and JSA waiting days, we recommended that the Government should consider providing an exemption for a number of vulnerable groups that we had identified. In its response, the Government said:

*The Government has also considered whether it is possible to exempt other vulnerable groups, noting that many representations have been made from different people and organisations, including those representing care leavers and domestic violence sufferers about the potential hardship that may be caused to claimants in specified circumstances. Whilst the Government accepts that any policy such as the increase in waiting days which applies general restrictions to benefit entitlement may result in hardship in some cases, the sheer range and variety of circumstances which may lead to hardship demonstrates the difficulty of introducing exemptions in legislation which would be simple to apply and fair in their application.*

- 6.2 Having previously said that the waiting day rule needed to be simple and fair and that it would be difficult to define all of the circumstances in which an exemption could apply, the Government's decision to set out a limited set of exemptions (with no further discretion) for Universal Credit waiting days is unexpected.
- 6.3 Many respondents have argued strongly that the exemptions do not go far enough and, in particular, feel that allowances for children should be exempt from the rule. Others went further still and recommended that households with children should be exempt.

*Extending waiting days to Universal Credit creates a huge dilemma in that it incorporates such payments into a single award. In order to maintain the current protection for children and housing the children and housing elements of Universal Credit need to be exempt from the impact of waiting days. This would ensure that children and the home were protected and that a claimant's scarce resources could be diverted to other necessary daily living costs.*

**Leeds City Council**

*We would suggest that all tenants with children and who satisfy the conditions for the vulnerability factors as defined by DWP in their Alternative Payment Arrangement Guidance should be exempt from the 7-day waiting period.*

**Link**

*...the overwhelming response is that the proposals should not proceed. However the vulnerable groups should include those with disabilities or unable to work, carers, homeless people and those in temporary accommodation, people in supported accommodation, tenants with a possession order, people over age 60, those with dependent children and patients discharged from hospital.*

**NAWRA**

6.4 The Committee also received strong evidence from respondents to the consultation who put the case for further exemptions, for example:

- extending the protection afforded to 16-17 year olds without parental support to 18-24 year olds;
- young people leaving care up to the age of 25 or age 30 for those in need of additional support;
- homeless people or people coming out of rehabilitation for alcohol or substance misuse;
- extending the protection provided for terminally ill people to all cancer patients or claimants with HIV/AIDS;
- claimants experiencing a relationship breakdown around the same time as losing their job.

- 6.5 The process used to determine whether waiting days need to be served or whether an exemption applies will need to be sensitive to the fact that some claimants may be reluctant to divulge personal information; may have learning difficulties; or not have English as a first language.
- 6.6 Given the Government's aim to deliver savings from this measure, we do not intend to recommend a long list of further exemptions. The Committee acknowledges the financial constraints within which the Government is operating and accepts that difficult choices have to be made. **However, for the reasons set out earlier in this report and in light of the compelling evidence received in response to our consultation, the Committee is of the strong view that, if introduced, the housing element of Universal Credit should not be included in the waiting days calculation. The Government should reflect further on exempting housing costs by way of mitigation against some of the harshest impacts of the policy.**

*As an absolute minimum, the housing costs element of Universal Credit must be exempt from waiting days so claimants are entitled to support with housing costs from day one of losing their job.*

**Shelter**

*...housing costs should not form part of the waiting days and... alternative funding arrangements could be utilised, such as restricting the current housing benefit run on rules to offset any savings lost.*

**Marches Housing Association**

## **7. Universal Credit Advances (UCAs)**

- 7.1 The Committee's earlier report on JSA and ESA waiting days dealt with the issue of short-term benefit advances (STBAs) at some length. Many of the points raised on that occasion have been raised with us again. The concept of providing an advance of benefit at a lower rate has a logical coherence to it when the benefit concerned covers ordinary living expenses (as is the case with JSA and ESA). However, because Universal Credit includes housing costs and other elements, the adequacy of UCAs in shoring up the gap until the first payday is reached is more questionable.

*Whilst a short term benefit advance might ease living cost pressures, it could not reasonably meet housing costs as well...*

**Peabody**

- 7.2 In its response to the Committee's report<sup>17</sup> on extending waiting days in JSA and ESA, the Government agreed with our comments about the need to raise awareness among claimants about the availability of STBAs. In paragraph 36 of its response the Government said:

*[We are] already taking steps to give clear information to claimants about the waiting days policy, its impact on the timing and amount of their first benefit payment, and the availability of advances in cases of need. This includes publicising the change on the Gov.uk website alongside the existing information we provide to claimants about JSA and ESA.*

- 7.3 Perhaps it is too early to expect any of those initiatives to have filtered down to an operational level, but the submissions we have received in response to this consultation do not report any improvement since the summer when our report was submitted to the Department.

*Our research with Tower Hamlets food bank, however, has identified problems for claimants in accessing these. Frequently, claimants have not been advised by their Jobcentre that these are available, and it has only been through independent advice and assistance that they have been able to obtain an advance. Only 6 of 46 food bank clients surveyed at Tower Hamlets food bank were aware of the existence of STBAs, and only 1 had been awarded an advance. At present, the system of STBAs is not likely to prove adequate for this additional purpose.*

**CPAG**

*...[our] experience of STBAs is that take-up is poor, partly because they are not widely communicated and partly because of the short repayment period. In practice people look for other means first eg borrowing from family.*

**National Housing Federation**

<sup>17</sup> *The Social Security (Jobseeker's Allowance and Employment and Support Allowance) (Waiting Days) Amendment regulations 2014 (S.I. 2014 No.2039)*

*We find [that short term benefit advances]...can be a mixed blessing as they force those on already low incomes to survive on an even more limited amount for an extended period of time.*

**Salvation Army**

*[While they] are available to those in need, the success rates for those claiming an advance are very small. This coupled with the fact that the Advances are discretionary, have no right of appeal and have to be paid back over a short period of time indicates that this is not a reasonable or fair response to the criticisms raised.*

**Turn2us**

- 7.4 As already noted above, our earlier report relating to waiting days in JSA and ESA<sup>1</sup> the Committee recommended that the Government should:

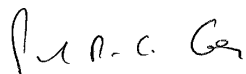
*Strengthen the existing process for highlighting the availability of Short Term Benefit Advances and ensure that they are proactively and consistently signposted.*

That recommendation was accepted in part, while acknowledging the Government's responsibility 'to both claimants and taxpayers in ensuring that advances are made responsibly'. While we entirely endorse this point, the impact of losing the entirety of one's benefit for a full week, coupled with an initial wait of up to six weeks for a first payment, requires serious mitigating measures. **We therefore re-emphasise our earlier request that the Department should routinely make claimants aware of the potential availability of an advance of benefit. This could be done, for example, by appropriate wording being built into both the script used by operators taking the initial claim and the digital claim form. There will inevitably be additional administration costs, but we feel it would be a reasonable investment to safeguard against vulnerable claimants suffering extreme hardship simply because they did not know that support was available.**

## **8. Recommendation**

- 8.1 Throughout this report, the Committee has identified a number of areas where action could be taken by the Government to lessen the impact of these proposals (see paragraphs 2.15, 5.20, 6.6 and 7.4). We carefully considered whether these steps would address sufficiently the very serious concerns that were raised in the responses to our consultation, and which we share. We have concluded that they would not. Therefore the Committee's recommendation, based on the persuasive and compelling evidence presented to us, is that **the proposal should not proceed.**

- 8.2 The Committee considers that the impact of having to serve waiting days for a benefit that includes other costs, in particular housing, puts it beyond reasonable justification. Universal Credit was introduced on a platform of being a simple benefit and we consider that simplicity requires there to be no waiting days.
- 8.3 The Committee does, of course, understand that there are many competing demands on the public purse. This is not the first proposal to have been presented to the Committee that has been shaped by the Government's understandable desire to ensure that limited public funds are targeted effectively. **The Committee believes, however, that a broader view should be taken of whether or not there are other aspects from the full range of the Department's Annually Managed Expenditure which could yield greater savings and rationalisation of benefits with a less significant impact. The Committee hopes that the Government will pause and reflect further.**



Paul Gray  
Chair

## APPENDIX 1

### Summary of the Proposals

The intention is that anyone claiming Universal Credit from 27 April 2015 will, from the point at which they satisfy the conditions of entitlement, need to serve a period of seven waiting days before actual entitlement begins. It will apply to single claimants in the all work-related requirements group, and to joint claims where at least one of the members is in the all work-related requirements group.

There are exceptions to the rule. First, anyone earning an amount equivalent to, or above, their conditionality earnings threshold and making a new claim for UC will be exempt from having to serve waiting days.

Second, linking rules exempt the following people—

- existing single claimants who, with another person, make a joint claim;
- existing joint claimants separating and making an individual UC claim;
- anyone who had an award of UC within the previous six months which terminated because earnings took them above the entitlement threshold;
- anyone who had an award of UC which was administered under the digital service within the previous six months and which terminated because of a change in circumstances other than an increase in earnings; and
- anyone who was entitled to contributory JSA or contribution-based ESA within the previous three months.

The third area for which exemptions are proposed is that of vulnerable groups, delineated as follows—

- the terminally ill;
- recent victims of domestic violence;
- young people leaving care;
- 16 and 17 year olds without parental support; and
- ex-prisoners who left prison within the past month.

The Government estimate that the policy will generate savings of £200m a year from 2016/17 when UC has been fully rolled out. An unspecified amount of these savings will be ploughed back into measures to help get people off benefit and into work. The promotion of English language skills and particular help for lone parents are cited as the areas where this help will be targeted.

The Department's Equality Analysis advises that of the claims where waiting days will need to be served, 75 per cent will be from single people, predominantly men. Ten per cent of claims will be from households where there are children and ten per cent from households where at least one person is disabled. Some households will be included in both those ten per cent cohorts.



## **APPENDIX 2**

### **List of organisations and individuals who responded to the consultation exercise**

Aberdeenshire Housing Partnership  
Aspire Housing  
Balendra, Pam  
Bornat, Alan  
British Property Federation  
Bron Afon Community Housing  
Camden London Borough  
Castle Rock Edinvar Housing Association  
Charter Housing Association  
Chartered Institute of Housing  
Child Poverty Action Group  
Chwarae Teg  
Citizens Advice Scotland  
Colchester Borough Council and Colchester Borough Homes  
Community Housing Group Cymru  
Communityworks  
Cornwall Residential Landlords Association  
Cramp, Simon  
Crisis  
Derby City Council  
Donohoe, Brian MP  
Dunedin Canmore Housing  
Enable Scotland  
Enfield Council  
First Wessex  
Friendship Care and Housing  
Gateshead Council  
Glasgow and West of Scotland Forum of Housing Associations  
Golden Gates Housing Trust  
Hackney  
Hanover  
Haringey Council  
Highland Council  
Homeless Action Scotland  
Homeless Link and Drugscope (joint submission)  
Irish Community Care  
Islington Council  
Knowsley Housing Trust  
Labour Party  
Lambeth London Borough  
Leeds City Council  
Link  
Lister Housing  
Manor Estates Housing Federation  
Marches Housing Association

Melton Borough Council  
Melville Housing Association  
Miller, Jeanette  
Milton Keynes Council  
Moray Housing Partnership  
Moray and Aberdeenshire Housing Partnership Tenant Association  
National Aids Trust  
National Housing Federation  
National Landlords Association  
NAWRA  
Network Housing Group  
New Carter Housing Trust Group  
Newham, Mayor of  
Notting Hill Housing Trust  
Oldham Council Leader of Opposition & Liberal-Democrat Group  
Oxfam Cymru  
Papworth Trust  
Paragon Housing Association  
Peabody  
Portsmouth City Council  
Radian  
Regenda Group  
Residential Landlords Association  
Salford's Partnership Financial Inclusion Practitioner's Group  
Salvation Army  
SAMH (for Scotland's mental health)  
Saunders, Nicky  
Scope  
Scottish Association of Landlords  
Scottish Council of Letting Agents  
Scottish Federation of Housing Associations  
Shelter  
Smith, Ralph  
Sovereign Housing  
Surrey Welfare Rights Unit  
Symphony Housing Group  
Tenants of Lewes District  
Torfaen County Borough Council  
TUC  
Tucker, Josephine  
Turn2us  
Waterloo Housing Group  
(The) Well Multi-Cultural Advice Centre  
West Lindsey District Council  
Westwood, Rob  
Wheatley Group  
Wigan Council  
Women's Pioneer Housing  
Worcester CAB  
YMCA England

## **APPENDIX 3**

### **Members of the Social Security Advisory Committee**

Paul Gray (Chair)  
Les Allamby  
John Andrews  
Simon Bartley  
Adele Baumgardt  
John Ditch  
Keith Faulkner  
Colin Godbold  
Chris Goulden  
Jim McCormick  
Matthew Oakley  
Judith Paterson  
Nicola Smith  
Diana Whitworth

## APPENDIX 4

### Attendees to the workshop on Waiting Days for Universal Credit Claimants held 8 October 2014

Paul Anderson	Homeless Link
Alice Ashworth	Crisis
Balbir Chatrik	Centrepoint
Liam Crosby	Community Links
Caitlin Farrow	Peabody Trust
Moussa Haddad	Child Poverty Action Group
Richard Hughes	YMCA England
Sharon Moore	Hanover
Sue Ramsden	National Housing Federation
Sue Royston	Citizens Advice
Rosanna Singler	Leonard Cheshire Trust
Gary Vaux	Hertfordshire County Council
Flora Wilkie	Papworth Trust
Paul Gray	Chair of SSAC
Adele Baumgardt	SSAC member
Colin Godbold	SSAC member
Denise Whitehead	Committee Secretary
Paul Mackrell	Assistant Secretary

## APPENDIX 5

### Universal Credit: Waiting Days SSAC Workshop – Note of Meeting

8 October 2014  
Caxton House

#### Background

This workshop is designed to elicit points and opinions from relevant stakeholders in response to the Government's intention to introduce a 7 day waiting day rule in Universal Credit (UC). SSAC, having decided to take these proposals on formal referral, would like to gather information and evidence before drafting a report for the Secretary of State.

Having recently written a report on extending waiting days from three to seven in JSA and ESA, the Committee are anxious to focus upon those points which are of particular relevance for UC. Some respondents in our public consultation exercise relating to JSA and ESA indicated their awareness that a seven day rule would shortly be introduced for UC and flagged up issues that were likely to arise.

*NB General disclaimer: the points contained in this note of the meeting represent the views of one or more of the attendees at the workshop.*

#### General Impact

***(1) what financial resources might be available to a claimant who makes an initial claim for UC and will stand to be caught by the 7 waiting days rule? The Department is making a number of assumptions on this issue and SSAC would like to know whether those assumptions are well-grounded***

***(2) are there any specific issues which will affect people eg difficulties in making a late claim for UC?***

- Many people leaving work do not claim benefit immediately, but spend time up-front looking for work and only resort to claiming benefit when money becomes tight. For them to have to serve seven waiting days before entitlement can begin will be a heavy blow.
- Evidence from people in social housing in the 4 pilot areas around Manchester (albeit not from a statistically valid sample) is that there is:
  - an accrual of rent arrears over the first 5 weeks of the UC award
  - people rarely access short-term benefit advances (although it is not clear whether it is through a lack of knowledge about them, or an unwillingness to apply).

On this basis it would appear that the UC model of someone leaving work and claiming UC with a month's salary in their pocket is far from universal.

- When UC is fully rolled out people moving between unemployment and low paid work will continue to receive UC throughout and therefore the waiting day rule will not apply to them. Because of this it is difficult to make direct comparisons with the present system. It also means that it becomes important to get the message out that people on low-pay should claim UC. In that way they will be protected.
- The big change with UC will be the inclusion of the rent element. This means people will be expected to find a substantial sum from their own resources to pay the rent in the week before entitlement commences. In practice people in work tend to adapt their life-style to their improved circumstances. It is therefore unrealistic to think that they will always be claiming UC with savings behind them to fall back on.
- Around 25% of the young people we see are already in debt. If someone not on UC moves away to take up a job and find accommodation at the same time they will be placed in serious financial difficulties.

***There is a linking rule which will mean that anyone making a claim for UC within 6 months of the previous award ending will not need to serve waiting days. Has there been any modelling around the distinction between those on UC and in need of housing costs and others?***

- There are two main groups amongst the homeless likely to be affected by this measure –
  - those who will be making a new claim (an estimated 35% of rough sleepers are not on benefit, possibly equating to 20,000 people)
  - those who lose employment and become homeless (there is often a link between these two events).

It is highly doubtful that landlords will want to let property to anyone in this category. Finding an extra week's rent will be very difficult and will inevitably affect landlords. If money is found for rent, where is it to come from? A creditor or someone else will have to take the hit.

- Young people over 16-17 years leaving home and claiming UC may end up homeless because of this rule.
- Local authorities generally are worried about the effect upon children of this and other measures. Under s17 of the Children's Act LAs have a statutory role as the provider of last resort where children are involved and are anxious about what this means in the face of benefit cuts. There appears to some contradictions in policy in this respect –

a recent easement in conditionality has been announced where bereaved children are involved, but the same group would still be denied benefit for the first 7 days under this rule.

- Discretionary housing payments are available to LAs to use at their discretion but are coming under increasing pressure.
- The same applies to local welfare schemes , charities and food-banks. It should also not be forgotten that LAs who often have a continuing role as a landlord will face the same difficulties in rent not being paid as private and social landlords.
- In situations where couples separate, the parent with care may have had a good income. In the acrimony of a split this is often denied with payments of maintenance delayed. Serving 7 waiting days in this situation will be particularly difficult.

***What are the financial resources that may be available to someone making a claim for UC?***

- Research that has been conducted amongst the homeless shows that –
  - in two thirds of cases where a benefit sanction had been imposed the rent had not been paid
  - those affected generally did not have any friends or family to fall back on.People tended to muddle through making very short-term decisions.
- Different families have different rent commitments and are entitled to different amounts of benefit. However the principle in income-related benefits has always been that reasonable rent commitments will be met in full. That principle will be undermined by this measure.
- There will be a perverse incentive to put people into more expensive supported housing, even if it is not really needed, because their income will be protected. This will run counter to Government aims.
- There are also regional differences in that the rent for one week in London is a far higher proportion of an individual's benefit than in, say Wales. For that individual it means that it is a large amount of money to find.
- Our experience is that young people will sell whatever they have in order to cover the shortfall in the first two weeks before benefit payment is received.

***How aware are claimants of the availability of short term benefit advances in this situation?***

- In our experience young people are not aware of them.

- Even though it may seem preferable to accept the offer of an advance the experience of the pathfinder in the north-west was that people did not always access them when made aware of their availability.
- The amounts in UC are also higher because of additions for childcare costs. This is why an advance is repaid over a longer period of time.

***Will people be deterred from making an application for an advance if they have to pay it back more quickly?***

- It is not so much that those denied benefit are willing to sell whatever they have, but that they are likely to turn to petty crime.
- We have evidence that landlords are clamping down on people getting into rent arrears. Their attitude is changing – for example they will start proceedings far earlier than they would have done previously.
- Even as a social landlord we cannot sustain the levels of debt that young people are incurring.

**Specific Groups and Exemptions**

***Are the groups proposed for an exemption to the 7 day rule appropriate? How does this fit with the Department's public sector duty?***

- There is no clear rationale for treating those aged under 25 differently in the benefit system when their needs do not increase when they reach age 25. In the list of exemptions in this case why should a homeless 18 year old receive the same treatment for benefit purposes as a 17 year old?
- DWP tends to define the ages for policy purposes according to what best suits them eg age 35 for the shared accommodation rate. It would help a consistent approach to different ages.
- On the point about having an exemption for anyone who has conditionality easements, this would be quite a generous outcome for some people.
- In our experience the first priority of people without funds is not searching for work. Their focus is very short-term and based on survival.

***There are mental health issues here as well. Are the exemptions full enough? For example, as well as the terminally, what of those who become suddenly and critically ill.***



- A person who is suddenly and unexpectedly ill (eg through suffering a heart attack) faces a number of challenges. As well as the anxiety of the illness itself, there are also impacts upon benefit eg the interaction of rules concerning SSP, ESA and UC. Should this happen to a person who is self-employed there may be no financial help available.

### ***Are exemptions the best way forward?***

- Not really. The best advice would be not to implement it at all. There is a great deal of confusion and uncertainty surrounding these proposals. The principle of having to serve 7 waiting days cannot be justified and tidying them up is inappropriate.
- I would prefer to see the proposal scrapped, but if it is to go ahead I would want to see homeless people exempt, although “homeless” would need to be defined. There should be an area of discretion within these provisions.
- Exempting housing costs across the board would result in a fairer outcome. Risking the housing for those in non-supported housing does not help them progress into work.
- Exempting housing costs would also resolve many of the issues raised in this discussion.
- A person cannot be expected to look for work if they have just lost their home.
- We are aware that landlords are increasingly putting pressure on claimants to pay the full rent on time.
- I would like to see the amounts for children also made exempt. Children still need to be fed and homed. Denying families benefit as proposed would exacerbate child poverty even allowing for short term benefit advances.
- Savings have been noted from introducing this proposal but they do not allow for increased costs elsewhere within the wider welfare system. People made homeless will ultimately result in far greater expenditure on them overall.
- If a recommendation that housing or other costs should be exempt, it would mean suggesting a different legal approach in that rather than a period of non-entitlement, regulations would need to specify a different rate of benefit for the waiting day period.
- Because the inclusion of amounts for housing, children and childcare costs are included, this proposal marks a new departure from the current system. We would not favour recommending a waiting day

period of 3 days or 7 days – it should not be implemented.

- It would be helpful to find out how much of the estimated savings of £200m would be eroded if housing costs and amounts for children were exempt. It may be that the Department is basing this policy upon an assumption that people becoming unemployed claim benefit immediately. If so we may need to challenge that assumption.

### **Other Points**

- In providing advances of benefit there is a reference to “severe” hardship. How is this defined for decision-makers?
  - The Department advise that they will provide advice in relation to budgeting and advances at a higher level (ie to be given to work coaches).
  - Because the amounts at stake in UC are so much more there is a requirement to re-evaluate what is meant by hardship. Many people denied benefit for a week at the start of entitlement will almost, by definition, be categorised as being in hardship as a result.
  - Do we know how the work support will be strengthened by additional funds from the savings? The sense from the Department is that this is primarily a savings measure. It is not clear that work support will get any new funds as a result of this proposal.
  - The problem with short-term benefit advances is that they do not fundamentally solve anything – they merely delay the problem or spread it out over a longer period of time.
  - Since savings are only being scored from 2016, would it be sensible to recommend letting UC run for, say 2 years, and saying that we should see how it operates. In that way we would be in a position to evaluate the impact this proposal would have.
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## APPENDIX 6

**DWP** Department for  
Work and Pensions

### Universal Credit Policy Division

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My phone number	020 7449 5436
My extension	x 65436
My email	Julie.stewart@dwp.gsi.gov.uk

Denise Whitehead  
Secretary  
Social Security Advisory Committee  
Caxton House  
Tothill Street  
London.  
SW1A 9NH.

9<sup>th</sup> September 2014

#### **DRAFT REGULATIONS FOR CONSIDERATION: THE UNIVERSAL CREDIT (WAITING DAYS) AMENDMENT REGULATIONS 2014**

Dear Denise,

At its meeting on 3<sup>rd</sup> September, the Committee decided to take on formal referral the proposals to introduce 7 waiting days into Universal Credit. The draft Regulations propose to amend the following sets of Regulations:

- Universal Credit Regulations 2013 (SI 2013/376);
- Universal Credit (Transitional Provisions) Regulations 2014 (SI 2014/1230).

During the Autumn Statement 2013, the Chancellor of the Exchequer announced the intention to introduce a 7 day waiting period into Universal Credit. We propose to introduce these measures in Universal Credit from 27<sup>th</sup> April 2015, and the draft Regulations contain the proposed amendments, including provision for some limited exceptions from waiting days.

As requested I attach a copy of the draft Regulations, an accompanying memorandum and the supporting equality analysis. The draft SI remains subject to final legal checks and clearance.

**Julie Stewart**  
**Universal Credit Policy Division**

**EXPLANATORY MEMORANDUM  
FOR THE SOCIAL SECURITY ADVISORY COMMITTEE FROM THE  
DEPARTMENT FOR WORK AND PENSIONS**

**THE UNIVERSAL CREDIT (WAITING DAYS) AMENDMENT  
REGULATIONS 2014**

**Introduction**

1. The Department proposes to make amendments to two sets of Regulations that support the introduction of Universal Credit, namely

**Universal Credit Regulations 2013 (SI 2013/376)**

**Universal Credit (Transitional Provisions) Regulations 2014  
(SI 2014/1230)**

2. As the Committee will recall, current secondary legislation ensures that a claim to Universal Credit (UC) may only be made by a person who meets specified criteria (“the gateway conditions”) and who lives in one of the postcode districts in which Live Service operates. In the next stage of UC rollout, the Department will also begin to test an enhanced online Digital Service, which will be capable of delivering the full scope of UC and will make provision for the full range of claimants’ circumstances. The Department intends to eventually roll out the Universal Credit Digital Service more widely to deliver the full scope of UC nationally.
3. The proposed UC amendments will apply to all UC claimants, whether under the Live Service or the Digital Service arrangements. However there is an exception to this set out in paragraph 15 below in the different way exemption to serving waiting days would apply in Live Service and Digital Service to claimants who leave UC and come back on again within 6 months.

**Equalities considerations**

4. Some of the provisions contained in the Regulations may affect people with characteristics protected under the public sector equality duty but any impact is proportionate. Attached is a copy of the separate equalities assessment which has been produced in respect of the draft Universal Credit (Waiting Days) Amendment Regulations 2014.

## Universal Credit – waiting days

5. The Chancellor of the Exchequer announced in the 2013 Autumn Statement, the introduction of 7 waiting days into UC<sup>18</sup>. The 7 waiting days are to be served following a new award of UC to claimants who are in the all work-related requirements group on or after 27<sup>th</sup> April 2015.
6. The Chancellor subsequently confirmed in the Budget statement of 19<sup>th</sup> March 2014 that the number of waiting days in Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) would be increased from 3 to 7. Following discussion of the JSA and ESA proposals at the May meeting, the Committee has recently consulted on the draft Social Security (Waiting Days) Amendment Regulations 2014 that relate to the JSA and ESA changes.
7. The principle behind the waiting days policy is that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness. Many people come to benefits directly from employment and it is reasonable to expect them to use those earnings to budget for an initial period of unemployment. This measure will apply to single claimants who on the first day of the waiting day period are in the all work-related requirements group and to joint claimants where one or both members of the couple are in this group.
8. The change is primarily a cost-saving measure. We estimate it will generate savings of approximately £200m plus per annum from 2016/17 onwards as UC rolls out. As with the JSA and ESA provisions, these savings are being invested in new measures to get people off benefit and into work. For example, the money will be spent on measures to improve English language skills of claimants and provide more resources to support lone parents to return to employment.
9. Regulation 2(1)(a) proposes to insert new Regulation 19A into the Universal Credit Regulations to support the introduction of 7 waiting days. Waiting days are the days at the start of an award of UC in respect of which claimants (who otherwise satisfy the conditions of entitlement) are not entitled to benefit.
10. Regulation 1 provides that these amendments will come into force on 27<sup>th</sup> April 2015. These provisions would therefore apply to new awards made in respect of a period which starts on or after 27<sup>th</sup> April 2015.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263942/35062\\_Autumn\\_Statement\\_2013.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263942/35062_Autumn_Statement_2013.pdf)

11. Waiting days will not apply to claimants who have earnings that are equal to or exceed the conditionality earnings threshold provided by Regulation 90 (claimants subject to no work-related requirements) of the Universal Credit Regulations.
12. The reason for exempting these claimants is that the policy intent is to apply waiting days only to those in the all work-related requirements group and not to those who are already in full-time employment and earning as much as they can. If the waiting days provision applied to this category of claimant it would not incentivise them to stay in full-time employment. In the legacy benefit system, these claimants would be in full-time work and claiming Tax Credits and/or Housing Benefit, which are not subject to serving waiting days.
13. We propose to make provision in new Regulation 19A(3) for certain categories of claimant to be exempt from serving waiting days. These exceptions are:
  - A new award of UC made to single claimants who were previously part of a couple and the UC award ends when they cease to be a member of that couple, and joint claimants who were previously single and their UC awards ended when they became a couple;
  - Other claimants who have a new UC award that begins on the same day of each month as the assessment period in relation to a previous award. These are the claimants who return to UC within 6 months via the re-award process discussed at the July SSAC meeting – see paragraph 15 below;
  - Claimants who are terminally ill;
  - Claimants who have recently been a victim of domestic violence (as determined in accordance with Regulation 98(2) of the Universal Credit Regulations 2013);
  - Care leavers (as defined in Regulation 2 of the Universal Credit Regulations);
  - Young persons aged 16 or 17 who are without parental support (as determined in accordance with Regulation 8(3));
  - Former prisoners who have left prison within the past month (the term “prisoner” is defined in Regulation 2 of the Universal Credit Regulations);
  - Claimants who were entitled to new style JSA or new style ESA within 3 months of their claim to UC.
14. We propose to exempt single claimants who were previously part of a couple where the UC award ended when they ceased to be a couple and joint claimants who were previously single and their UC awards ended when they became a couple. They will be exempt because they are already in receipt of UC and may have previously served waiting days. Nor will waiting days apply to people who move into the all work-related requirements group while already receiving UC. This is because these are not new claims to UC.

15. Claimants in Live Service who leave UC because of earnings or in Digital Service who leave UC because of earnings or a non earnings-related change of circumstances and come back on again if their earnings fall or circumstances change again within 6 months will be re-awarded UC without having waiting days applied. This is to encourage claimants to find work or increase their hours without fear of having to serve a longer break in their entitlement due to waiting days.
16. We are not excluding those who may ultimately be excluded from the all work group because of limited capability for work. However claimants who are terminally ill will be exempted from serving waiting days. This is consistent with the way claimants are treated in ESA.
17. Claimants who have recently been a victim of domestic violence are a proposed exemption because they are people in very vulnerable circumstances, likely to be in need of immediate financial support when making their claim. There is a risk that these claimants could be exposed to hardship if they had to serve 7 waiting days before they could receive help, particularly if they have children. This approach is consistent with conditionality requirements where the initial all work-related requirement is immediately reduced for 13 weeks once we establish the claimant has recently been a victim of domestic violence.
18. We similarly propose to exempt care leavers because they are a potentially vulnerable group who have to live independently at a much younger age and have more abrupt transitions to adulthood than their peers. Without the support of family to fall back on, having access to timely financial help at the point where they leave care is crucial. The Government, through the cross-departmental Care Leaver Strategy published 29<sup>th</sup> October 2013, is committed to ensuring care leavers are adequately supported financially in their transition from care to adulthood to enable them to have the same opportunities to fulfil their potential as their peers.<sup>19</sup> Serving the seven day waiting period would result in care leavers facing immediate financial distress at the very start of the transition to independent living because they would not have any previous income/earnings or family support to tide them over.
19. We propose to exempt young persons aged 16 or 17 who are without parental support. This is a vulnerable group who have no access to financial help. Serving seven waiting days before they could receive help would expose this group to immediate hardship.
20. Claimants who claimed UC within 3 months of entitlement to new style JSA or new style ESA will have served waiting days already. If we did not apply this exemption we could be applying waiting days twice to the same claimant in the same period of sickness or

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<sup>19</sup> <https://www.gov.uk/government/publications/care-leaver-strategy>

unemployment and this would penalise claimants who have made NI contributions.

21. Ex prisoners will be exempted because enforcing the 7 day wait on this group could be construed as being particularly counter-productive in supporting prisoners during the first few days and weeks on leaving custody when the immediate risk of re-offending is highest. This supports the Ministry of Justice initiative “Transforming Rehabilitation” published on 9<sup>th</sup> May 2013.<sup>20</sup>
22. The purpose of the provision in new Regulation 19A(4) is to determine the appropriate conditionality group for an employed single claimant or joint claimant, in order to decide whether waiting days will apply. We first have to decide what the claimant’s earnings are and in order to do this it is necessary to determine what assessment period we will use to assess these earnings. Because the start of an assessment period is affected by the application of waiting days, it is necessary to fix an assessment period to do this. For the purpose of this Regulation the assessment period that will be used to do this will be based on the expected earnings in the first month after the claim (which would be the first assessment period if waiting days were not applied).
23. Regulation 2(1)(b) amends Regulation 21 to make it clear that where waiting days apply, the assessment period begins on the first day of entitlement which is the first day after the expiry of the 7 waiting days.

#### Waiting days transitional arrangements

24. The Universal Credit (Transitional Provisions) Regulations 2014 are amended to cater for claimants who move from current benefits to UC.
25. Regulation 2(2) amends these Regulations by inserting new Regulation 16A. This provides that waiting days will not be applied to claimants who have left a legacy benefit (Income Support or old style ESA or old style JSA) for paid jobs and become entitled to UC within 3 months. This will help encourage claimants to leave benefit for short-term work experience as they will not be penalised if they return.
26. Regulation 2(2) also exempts those in receipt of Income Support, old style ESA, old style JSA, Tax Credits or Housing Benefit who, because of a change of circumstances, have to stop claiming or cannot renew their current benefit and make a claim for UC instead. This will be time-limited to within 1 month of entitlement to the legacy benefit ceasing.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/243718/evidence-reduce-reoffending.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243718/evidence-reduce-reoffending.pdf)



# Equality Analysis for the introduction of waiting days into Universal Credit

Date: 14<sup>th</sup> July 2014

Completed by: Jacob Browning

**DWP** Department for  
Work and Pensions

# EQUALITY ANALYSIS FOR THE INTRODUCTION OF WAITING DAYS INTO UNIVERSAL CREDIT

## Introduction

This document records the analysis undertaken by the Department to enable Ministers to fulfil the requirements placed on them by the Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010. The PSED requires the Minister to pay due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

In undertaking the analysis that underpins this document, where applicable, the Department has also taken into account the United Nations Convention on the Rights of Persons with Disabilities, and in particular the three parts of Article 19 which recognise the equal right of all disabled people to live in the community, with choices equal to others, and that the Department should take effective and appropriate measures to facilitate full enjoyment by disabled people of this right and their full inclusion and participation in the community.

## Brief outline of policy or service

The Chancellor of the Exchequer announced in the 2013 Autumn Statement, the introduction of 7 waiting days into Universal Credit (UC). The 7 waiting days are to be served following a new award of UC to claimants who are in the all work-related requirements group on or after 27<sup>th</sup> April 2015. This will apply to both Live Service and Digital Service.

The Chancellor subsequently confirmed in the Budget statement of 19<sup>th</sup> March 2014 that the number of waiting days in Jobseeker's Allowance and Employment and Support Allowance would be increased from 3 to 7.

The principle behind the waiting days policy is that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness. Many people come to benefits directly from employment and it is reasonable to expect them to use those earnings to budget for an initial short period of unemployment. This measure will apply to single claimants who on the first day of the waiting day period are in the all work-related requirements group and to joint claimants where one or both members of the couple are in this group. The all work-related requirements conditionality group includes those who are able to work and either have no earnings or are earning less than we could reasonably expect. This includes those who are out of work but have a working partner on low earnings (i.e. below the household conditionality earnings threshold). They are legally expected to take action to secure work or more work.

Waiting days will not apply to claimants who have earnings that are equal to or exceed the conditionality earnings threshold provided by Regulation 90 (claimants subject to no work-related requirements) of the Universal Credit Regulations 2013.

We propose to make provision in new Regulation 19A(3) for certain categories of claimant to be exempt from serving waiting days. These exceptions are:

- A new award of UC made to single claimants who were previously part of a couple and the UC award ends when they cease to be a member of that couple, and joint claimants who were previously single and their universal credit awards ended when they became a couple;
- Other claimants who have a new UC award that begins on the same day of each month as the assessment period in relation to a previous award. These are the claimants who return to UC within 6 months via the re-award process;
- Claimants who are terminally ill;
- Claimants who have recently been a victim of domestic violence (as determined in accordance with Regulation 98(2) of the Universal Credit Regulations 2013);
- Care Leavers (as defined in Regulation 2 of the Universal Credit Regulations);
- Young persons aged 16 or 17 and without parental support (as determined in accordance with Regulation 98(2));
- Former prisoners who have left prison within the past month (the term “prisoner” is defined in Regulation 2 of the Universal Credit Regulations);
- Claimants who were entitled to new style JSA or new style ESA within 3 months of their claim to UC.

## **Evidence and analysis**

The waiting days policy applies to new flows into the All Work-related Requirements (AWRR) Group. By looking at the characteristics of people estimated to flow into this group, and comparing them to the characteristics of all people expected to flow onto Universal Credit, we can analyse whether some groups of people might be disproportionately affected by the waiting days policy.

Our forecast allows us to look at the gender and age characteristics of households who flow onto Universal Credit when it is fully rolled out. The forecasts are unable to provide a detailed breakdown of the gender or age of the partner within a couple household who flow onto Universal Credit.

The forecast also allows us to analyse whether a household receives Employment and Support Allowance or Personal Independence Payment/Disability Living Allowance, which is used as a proxy for disability for the purposes of this analysis.

Our forecasts do not allow for analysis of the flows onto Universal Credit by race. Instead, the proportions on Universal Credit in the AWRR group by race will be compared to the proportions within the entire Universal Credit population. For these purposes it is assumed that these proportions will also apply to individuals flowing onto Universal Credit.

We are unable to incorporate the characteristics of the groups who will be exempt from waiting days into the analysis.

Please note figures are rounded to the nearest 5% and therefore may not sum due to rounding.

- **Gender**

For couple households it is assumed that there is an equal number of male and females. This was then combined with the gender distribution from single households to get the distribution at an individual level.

**Table 1: Distribution of individuals flowing onto UC by gender.**

	<b>AWRR group</b>	<b>Distribution of all individuals flowing onto UC</b>
<b>Male</b>	60%	55%
<b>Female</b>	40%	45%

Around 55% of individuals estimated to flow onto Universal Credit in steady state are male, and 45% are female. Around 60% of individuals estimated to flow in to the all work-related requirements group are male. This suggests that, before any exemptions are considered, males may be slightly over-represented in those affected by the waiting days policy in Universal Credit.

- **Age**

Our forecasts provide the distribution of the age of single households but for couple households the age of the ‘main claimant’<sup>21</sup> is used. It is assumed that this distribution applies to the individuals flowing onto Universal Credit.

**Table 2: Distribution of households flowing onto UC by age**

	<b>AWRR group</b>	<b>Distribution of all households flowing onto UC</b>
<b>Under 18</b>	0%	0%
<b>18 to 24</b>	35%	30%
<b>25 to 34</b>	25%	30%
<b>35 to 44</b>	15%	15%
<b>45 to 54</b>	15%	15%
<b>55+</b>	10%	10%

<sup>21</sup> The main claimant relates to main claimant in the legacy benefit system

Households aged 18 to 24 are slightly over-represented in households flowing into the all work-related requirements group, whilst households aged 25 to 44 are slightly under-represented. This suggests that, before exemptions to the policy are considered, people aged 18 to 24 may be slightly over-represented in the people affected.

- **Disability**

A disabled household is a household where at least one member is in receipt of Employment and Support Allowance or Personal Independence Payment/Disability Living Allowance. These are used as a proxy for disability as defined by the DDA.

**Table 3: Households flowing onto UC by disability status**

	<b>AWRR group</b>	<b>Distribution of all households flowing onto UC</b>
<b>Disabled</b>	10%	15%
<b>Not disabled</b>	90%	85%

Disabled households are slightly under-represented in the households flowing into the all work-related requirements group compared to all households flowing onto Universal Credit.

- **Race**

Our estimate suggests that of all individuals on Universal Credit 85% will be white and 15% will be of 'Other ethnicity'. This compares to 80% will be white in the AWRR group and 20% will be 'Other ethnicity'. Assuming that these proportions apply to those flowing onto Universal Credit then individuals with 'Other Ethnicity' will be over represented.

- **Gender reassignment**

The Department does not hold information on its administrative systems on gender reassignment. There is no reason to believe the policy will cause particular disadvantage to claimants on grounds of gender reassignment.

- **Sexual Orientation**

The Department does not hold information on its administrative systems on the sexual orientation of claimants. However, as UC rules treat couples and single claimants the same regardless of sexual orientation we have no reason to believe the policy will cause particular disadvantage to claimants on grounds of sexual orientation.

- **Religion or belief**

The Department does not hold information on its administrative systems on the religion or beliefs of claimants. However, we have no reason to believe

the policy will result in a particular disadvantage to claimants on grounds of religion or belief.

- **Marriage and civil partnership**

The information held by the Department on its administrative systems does not distinguish between different types of partnership. However, UC provisions do not treat those who are married differently from those in civil partnerships or those who are not married or in a civil partnership. We therefore have no reason to believe that this policy would result in particular disadvantage to claimants in different types of partnership, including those who are not married or in a civil partnership

## **Decision making**

We have assessed the equality impacts of this change based on the information available. We have no evidence that any protected groups would be disproportionately affected by the recommended approach in a manner that would result in unlawful discrimination, harassment or victimisation. However, we will monitor the impacts of the policy and we will use evidence on the experiences and outcomes of the protected groups to assess (and if necessary respond to) the broader impact over time.

## **Monitoring and evaluation**

The Universal Credit Evaluation Framework, published in December 2012, sets out the Department's broad intentions for evaluation, including impact measurement.<sup>22</sup> This provides an overview of plans for evaluating the introduction, implementation, delivery and impact of UC. Changes to UC policy and or regulations will be reviewed in line with the framework as we continue to roll UC out nationally.

*When will the potential impacts be reviewed?*

The Universal Credit 'Test and Learn' framework is a key element of the broader DWP approach to evaluating UC policy. The impacts of changes of policy will be reviewed on an on-going basis as part of this process.

## **Sign off**

**Nina Young**

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<sup>22</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/180879/universal-credit-evaluation-framework.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/180879/universal-credit-evaluation-framework.pdf)

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STATUTORY INSTRUMENTS

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**2014 No.**

**SOCIAL SECURITY**

**The Universal Credit (Waiting Days) Amendment Regulations  
2014**

<i>Made</i>	- - - -	***
<i>Laid before Parliament</i>		***
<i>Coming into force</i>	- -	***

The Secretary of State for Work and Pensions, in exercise of the powers conferred by sections 6(1)(c) and (3) and 7(3) of, and paragraph 1(1) of Schedule 6 to, the Welfare Reform Act 2012 (a), makes the following Regulations:

[In accordance with section 172(1) of the Social Security Administration Act 1992, the Secretary of State has referred the proposals for these Regulations to the Social Security Advisory Committee.]

**Citation and commencement**

1.—(1) These Regulations may be cited as the Universal Credit (Waiting Days) Amendment Regulations 2014 and come into force on 27th April 2015.

**Universal Credit - waiting days**

2.—(1) The Universal Credit Regulations 2013 are amended as follows—

(a) after regulation 19 (restrictions on entitlement – prisoners etc.) insert—

**“Waiting days**

**19A.**—(1) Entitlement to universal credit under a new award does not arise in the first 7 days of the period in respect of which the claim is made if—

(a) on the first day of that period (“the relevant date”) the claimant, or either of joint claimants, falls within section 22 of the Act (claimants subject to all work-related requirements); and

(b) none of the exceptions in paragraph (3) applies.

(2) A person who may fall outside section 22 of the Act only because they have limited capability for work is to be taken to fall within that section for the purposes of this regulation.

(3) The exceptions are—

(a) where a new award of universal credit is made—

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(a) 2012 c.5.

- (i) to a single claimant as a consequence of a previous award having ended when the claimant ceased to be a member of a couple or to joint claimants as a consequence of two previous awards having ended when the claimants became a couple; or
  - (ii) in any other circumstances in which the assessments periods for that award are to begin on the same day of each month as the assessment periods for a previous award (see regulation 21);
- (b) where, on the relevant date the claimant (or either of joint claimants)—
- (i) is terminally ill,
  - (ii) has recently been a victim of domestic violence (as determined in accordance with regulation 98(2)),
  - (iii) is a care leaver,
  - (iv) is aged 16 or 17 and without parental support (as determined in accordance with regulation 8(3));
  - (v) has been a prisoner within the past month (ending on that date), or
  - (vi) has been entitled to a jobseeker's allowance or an employment and support allowance within the past 3 months (ending on that date).

(4) In order to determine whether a single claimant or joint claimants fall within section 22 of the Act for the purposes of this regulation, the definition of weekly earnings in regulation 90(6) is to be read as if the reference to the current assessment period were a reference to the month that would be the first assessment period of the award if paragraph (1) of this regulation did not apply.”

(b) in regulation 21 (assessment periods) after paragraph (1) insert—

“(1A) Where regulation 19A (waiting days) applies, the first day of entitlement for the purposes of paragraph (1) is the first day after the expiry of the 7 days referred to in paragraph (1) of that regulation.”;

(2) After regulation 16 (persons unable to act) of the Universal Credit (Transitional Provisions) Regulations 2014(a) insert—

**“Waiting days**

**16A.**—(1) This regulation applies where a claimant (or, in the case of joint claimants, either of them)—

- (a) was entitled to old style JSA, old style ESA or income support at any time during the period of three months ending with the first day of the period in respect of which the claimant makes a claim for universal credit and ceased to be so entitled on starting paid work; or
- (b) does not fall within sub-paragraph (a) and was entitled to an existing benefit at any time during the period of one month ending on that day.

(2) Where this regulation applies, regulation 19A(3)(b) of the Universal Credit Regulations (waiting days) applies with the following modifications—

- (a) at the end of paragraph (v) omit “or”;
- (b) in paragraph (vi) for “.” substitute “; or”; and
- (c) after paragraph (vi) insert—

“(vii) was entitled to a benefit mentioned in paragraph (1)(a) of regulation 16A of the Universal Credit (Transitional Provisions) Regulations 2014 within the past 3 months (ending on the relevant date) and ceased to be so entitled on starting paid work, or was entitled to a benefit mentioned in paragraph (1)(b) of that regulation within the past month (ending on that date).”.



Signed by authority of the Secretary of State for Work and Pensions

Date

*Name*  
Parliamentary Under Secretary of State  
Department for Work and Pensions

**EXPLANATORY NOTE**

*(This note is not part of the Regulations)*





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