

Housing Benefit Circular

Department for Work and Pensions
Caxton House, Tothill Street, London SW1H 9NA

HB A2/2018

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	All Housing Benefit staff
ACTION	For information
SUBJECT	The Universal Credit (Miscellaneous Amendments, Saving and Transitional Provision) Regulations 2018

Guidance Manual

The information in this circular does not affect the content of the HB Guidance Manual.

Queries

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The Universal Credit (Miscellaneous Amendments, Saving and Transitional Provision) Regulations 2018

Introduction

1. This circular provides information about the Universal Credit (Miscellaneous Amendments, Saving and Transitional Provision) Regulations 2018 (SI 2018/65) which were laid on 22 January 2018.
2. These regulations make amendments to the:
 - Discretionary Financial Assistance Regulations 2001 (S.I. 2001/1167)
 - Universal Credit (UC) Regulations 2013 (S.I. 2013/376)
 - UC (Transitional Provisions) Regulations 2014 (S.I. 2014/1230).
3. The changes amend how housing costs are funded for temporary accommodation cases and introduce a Transition to UC Housing Payment which extends the end date of Housing Benefit (HB) when a claimant migrates to UC. All the changes come into force on 11 April 2018.
4. The following paragraphs detail the changes made by SI 2018/65.

Temporary accommodation

Background

5. Local authorities (LAs) have a statutory duty to secure accommodation for unintentionally homeless people, including pregnant women, disabled people, and households with dependent children. In England and Wales this statutory duty includes establishing priority need, including any period while priority need is being established. LAs often provide temporary accommodation (until permanent accommodation is found, for which they were reimbursed via HB. Like other payments for housing costs, this was set to be replaced by UC and LAs expressed concerns regarding this change.
6. On 23rd November 2017, the Secretary of State for the Department for Work and Pensions announced that the government would act on these concerns; reimbursing LAs for temporary accommodation via HB until a long-term solution for funding temporary accommodation is developed.
7. This technical regulatory fix will ensure that LAs continue to be reimbursed for the costs of temporary accommodation at the same amount as under previous arrangements; enabling LAs to continue to support some of the most vulnerable people in our society.

Outline of changes

New claims for temporary accommodation

8. From 11 April 2018, the Housing Costs Element of UC will not be available to claimants making new claims whilst living in temporary accommodation for their housing costs. Affected claimants will now be able to claim HB for support with their temporary accommodation housing costs while receiving the personal element of UC, in the same manner that exists with specified accommodation.
9. UC claimants who already receive the Housing Costs Element of UC for temporary accommodation housing costs will continue to do so until there is any change to the amount of the rent they pay for their temporary accommodation (a change in rent is a change to the total cost the LA charge to the claimant). At this point, the Housing Costs Element of UC will cease, and the claimant will be required to claim HB for ongoing support with housing costs.

Advance claims and date of claim

10. Though a UC claimant may submit an HB claim for temporary accommodation before 11 April 2018, the claim cannot be treated as made until 11 April 2018. Rules regarding date of claim, including those for daily rents, remain unchanged.

Subsidy arrangements

11. There are no changes to the current subsidy arrangements for temporary accommodation cases.

Change of circumstances

12. Change of circumstances are applied in UC under a 'whole month' approach. Under a whole month model, the UC award is calculated to reflect the claimant's circumstances at the end of their assessment period. To do this, all changes are applied from the beginning of the assessment month in which they take place (if reported in the assessment period within which they occurred). The award for that month is therefore wholly at the new rate, net of all changes in the period.
13. Therefore, a UC claimant may experience a gap in their housing costs provision if there is a change in their housing costs which requires a new claim for HB because they move into temporary accommodation.
14. From 11 April 2018, a discretionary housing payment can be made to a claimant for any UC assessment period when the claimant would have been entitled to UC housing costs were it not for the fact that the claimant occupied specified accommodation or temporary accommodation, if the LA consider it is appropriate.

Completion of the MGP1

15. The MGP1 template is being updated so that the drop-down options will include an additional line for claimants living in temporary accommodation as is currently available for specified accommodation. This means that the LA can select this option when they return the form back to the UC Service Centre.

UC claimants

16. The department has revised the information gather for UC claimants who report that they live in temporary accommodation and have had changes in their rent to ensure that the UC Housing Costs Element is closed and that claimants are signposted to their LA to claim HB.

Transition to UC Housing Payment

Background

17. UC is assessed and paid monthly in arrears, whereas legacy benefits are paid more frequently. For some claimants this change of payment frequency on transition to UC has been challenging and led to rent arrears. For the cohort of HB claimants who currently have their HB paid directly to their landlord, this risk can intensify as they move to the UC system and become responsible for paying their housing costs themselves out of their UC payment.

18. On 23rd November, as part of the Autumn Budget statement, the Chancellor of the Exchequer announced that a two week transitional HB payment would be introduced for HB claimants migrating to UC. This payment will bridge the gap between HB and the regular monthly payment cycle of UC.

19. The Transition to UC Housing Payment is disregarded as unearned income for UC purposes, so will not reduce the first UC payment which will help UC claimants adjust to the new payment cycle. This is expected to reduce the number of overlapping payments recovered in the first assessment period. This will also ensure that more claimants receive their full UC amount in the first assessment period and help them adjust to their new income more quickly.

Migrating to UC

20. HB claimants can migrate to UC in two ways as follows:

- Natural Migrations - Cases where claimants have a change in circumstances that require a new claim to UC
- Managed Migration - Cases where claimants are migrated from HB to UC on a managed basis by the Department

21. Managed Migration of legacy benefits to UC has not yet commenced, so currently a HB claimant can only 'naturally' migrate to Universal Credit so this circular only refers to the treatment of natural migration cases.

Outline of changes

22. From 11 April 2018, a two week Transition to UC Housing Payment will be awarded to HB claimants who naturally migrate to UC by awarding an additional two weeks HB entitlement from the date of the HB stop notification.
23. As UC is treated as a passported benefit for HB purposes, the Transition to UC Housing Payment will be an extension of the current HB claim by adding two weeks of HB entitlement based on the claimant's new circumstances of receiving UC, which will passport full HB entitlement less any reduction for benefit cap for the two week payment.
24. There is no need to make a fresh means test assessment of income to calculate the two week Transition to UC Housing Payment, but UC will need to be added as an income to HB claims.

Change of address cases

25. Where the migration is prompted by a change of address, it is not appropriate to pay a Transition to UC Housing Payment to a former landlord and the two week payment must be paid to the claimant in all such cases.
26. Where HB was previously paid to the landlord, LAs may not have the payment details for the claimant. The HB Stop Notice includes the claimants new address details and HB teams will need to contact the claimant at the new address to obtain the claimant's bank details to pay the Transition to UC Housing Payment.

Example 1

A couple who were in receipt of Jobseeker's Allowance and HB which was paid to the claimant's landlord, move to a Universal Credit full service area and make a claim for UC on 26 April 2018. The change of address prompts migration to UC.

The LA receive a HB Stop Notice because UC has been claimed. As the claimants are naturally migrating to UC, the HB claim will be subject to a Transition to UC Housing Payment.

As HB was paid to the claimants' landlord, the LA write to the claimants at their new address to obtain their bank details so that the Transition to UC Housing Payment can be made to the claimant.

The LA awards the Transition to UC Housing Payment for two weeks from 26 April 2018 to 9 May 2018 at the full eligible entitlement for the period.

Change of address to a new LA area

27. Where the claimant has moved out of the LA area triggering the UC claim, the additional 2 weeks will be paid direct to the claimant from the LA which paid HB until the change occurred. The LA will need to contact the claimant for their payment details if HB was previously paid to the landlord.

All other cases

28. In all other natural migration cases, the Transition to UC Housing Payment is paid to the same payee who usually received the HB payment.

Process

29. LAs will receive HB Stop Notices from the data hub. The dates on the notice will not alter to reflect the period the Transition to UC Housing Payment will be applied to, so HB claims will need to be adjusted manually to pay for the correct run-on period.
30. If the claimant has changed address and the claimant's HB was paid to their previous landlord, HB teams should contact the claimant to obtain the correct bank details.
31. Once the correct payee details are available, HB teams should add UC as a passporting income to the HB claim from the date of the HB Stop Notice. HB teams should add a 14 day period after the date of the HB Stop Notice and award the Transition to UC Housing Payment for this period.
32. Where the benefit cap had been applied to the HB prior to the receipt of the HB Stop notification, the new Transition to UC Housing Payment when calculated will need to have the cap applied until such time the LA received a 'Remove Cap' notification via the Automated Transfer to LA Systems because the Transition to UC Housing Payment remains a payment of HB and is still subject to any existing cap arrangements until advised otherwise.
33. Where a claim to UC has been made the LA should not receive an 'Apply Cap' notification through ATLAS.

Example 2

A single employed claimant has eligible rent costs of £100 per week but the HB award is just £25 per week after the income taper is applied. The claimant loses his job and makes a claim for UC on 17 April 2018 as he is seeking work. The LA receive a HB stop notice as UC has been claimed and because the claimant is naturally migrating to Universal Credit, a Transition to UC Housing payment can be made. The LA updates the HB claim, based on the claimant receiving UC from 17 April 2018, and awards the Transition to UC Housing payment at the full eligible rate of £100 for two weeks from 17 April 2018 to 30 April 2018.

Example 3

A single parent is in receipt of Income Support and HB which is being paid to the claimant's landlord. As the claimant's youngest child turns 5 the Income Support claim ends and the claimant claims UC on 20 April 2018. The LA receive an HB Stop Notice because UC has been claimed and as the claimant is naturally migrating to UC, a Transition to UC Housing Payment can be made. The LA updates the HB claim, based on the claimant receiving UC from 20 April 2018, and awards the Transition to UC Housing payment for two weeks from 20 April 2018 to 3 May 2018.

Completion of the MGP1

34. When the LA receives the HB Stop notification from UC via the Data Hub, the UC start date will not be changed to include the Transition to UC Housing Payment which needs to be paid.
35. The LA should still return the MGP1 for all cases but in the majority of cases this will mean that there is not an overlapping benefit to recover which should reduce the amount of overlap that is paid to the claimant.
36. When completing the MGP1 this should not include the 2 week Transition to UC Housing Payment period. Any overlapping benefit which has been paid to the claimant after the end date of the Transition to UC Housing Payment can be included on the forms. As the HB Stop notification is sent via the Data Hub, these should be limited as the notice is sent at the point the claimant's ID has been verified.

Revised HB Stop notification for backdated cases

37. If a claimant has had their UC award backdated to an earlier date, the LA will receive a revised HB Stop notification. The LA should reassess the HB award and revise the two week transition to UC housing payment based on the amended date on the reissued HB Stop notification. The MGP1 must be completed to include any overlapping benefit that has been paid to the claimant. This will then be recovered through UC.

Transition to UC Housing Payment not paid

38. If the claimant is already in receipt of UC but is receiving HB because they are living in specified or temporary accommodation, the Transition to UC Housing Payment cannot be paid.
39. However, if the claimant is living in specified or temporary accommodation and in receipt of legacy benefits including HB, if they migrate to UC and their new address is not specified or temporary accommodation and their entitlement to HB ends, a Transition to UC Housing Payment can be paid.

Overpayment recovery

40. The Transition to UC Housing Payment remains a payment of HB. Therefore, any existing overpayment in recovery may be recovered by deduction from HB entitlement and this would continue to be applied to the two week Transition to UC Housing Payment if any is paid.

Claimant notification

41. An HB claimant should be notified that a Transition to UC Housing Payment has been awarded, the period it has been awarded for and who the payment will be paid to. If a claimant seeks advice from their LA because they believe the Transition to UC Housing Payment may place their rent account in credit, they should be advised to contact their landlord to discuss their options.

Subsidy arrangements

42. The Transition to UC Housing Payment remains a payment of HB and therefore subject to the usual subsidy arrangement for all entitlement which is correctly paid.