Universal Credit roll-out update

Personal tax

01 February 2018

A £1.5 billion package of changes was announced to universal credit in the Autumn Budget 2017. In this article we outline those changes and explain the knock-on effects to the roll-out timetable.

Universal credit has featured in many media headlines in recent months. Following growing pressure in the weeks leading up to the Autumn Budget, the Chancellor announced a £1.5 billion package of changes to universal credit. Most of the press interest in universal credit focused on the 'delay' in getting the first payment. The system was designed with a minimum six week wait for the first payment following a new claim. This six week wait was made up of a seven-day waiting period (not applicable to everyone), the monthly assessment period and then a further week for DWP to process the payment. In some cases DWP were taking much longer to make the payment, leading to reported delays in excess of 10 weeks.

In order to address the concerns about this waiting time, it was announced that from February 2018, the seven-day waiting period would be removed for everyone. New claimants can ask for an advance payment of universal credit if they haven't got enough to live on while waiting for their first payment. The advance is a loan from their award and must be repaid. The Chancellor increased the amount of these advance payments up to 100% of the estimated universal credit payment to be paid within five days of the claim and extended the repayment period from six months to 12 months.

In order to alleviate some of the problems relating to rent arrears for new claimants, from April 2018 those on housing benefit before claiming universal credit will continue to receive housing benefit for the first two weeks of their universal credit claim. It will also be easier to have the housing element paid directly to the landlord. Unlike housing benefit, the default position is that the housing element is paid directly to the claimant.

In order to accommodate these changes within the IT system, the government confirmed that the roll-out of universal credit would slow down between February 2018 and April 2018 meaning that full roll-out will now be complete in December 2018 rather than September 2018 as previously announced.

Shortly after the Autumn Budget, the Secretary of State also confirmed that people with three or more children (who are not covered by an exception) will continue to be diverted to tax credits instead of universal credit until 31 January 2019. Tax credits will therefore remain open to new claims until that date rather than 31 October 2018 as previously announced.

Since 2014, DWP have been running two universal credit IT systems – live service and full service. Rather than make changes to both IT systems, it was announced that the live service would close to brand new claims from 1 January 2018 and instead claimants in those areas can claim legacy benefits such as tax credits and income-based jobseeker's allowance until the full service comes to their area. You can read more about this change on our website for advisers.

To find out whether tax credits or universal credit can be claimed in a particular postcode area you can use our web tool: www.universalcreditinfo.net.