Thank you for your letter of 14 January, and for your kind words with regards to the recent changes we have made to Universal Credit.

As you are aware the Department has previously commented on this issue. However, we have recently looked into this issue further and believe that the problem is one of perception. We have concluded that neither tenants or landlords suffer financial disadvantage in years which have 53 payment days.

Universal Credit simplifies the welfare system for working age claimants and is paid on a monthly cycle to reflect the fact that the vast majority of people receive their wages monthly. Many social landlords still expect their tenants to pay rent on a weekly basis, a practice based upon a time when both wages and benefits were paid weekly. For those landlords who charge rent in advance, weekly and from a Monday, every five to six years there will be 53 Monday payment days in any given twelve-month period.
This is the case in the social landlord rent year running from 1st April 2019 to 31st March 2020. For simplicity, Universal Credit does not take account of 53 payment dates over a 12-month period. The weekly rent is converted to a monthly amount by multiplying by 52 and then dividing by 12. This has led to concerns that tenants will ‘lose’ one week’s rental support next year.

It is true that there are 53 Mondays in the period selected – though, interestingly, there are only 52 Mondays in each of the calendar years 2019 and 2020 and in the 2019/20 Financial Year (which runs from 6th April 2019 to the 5th April 2020) – but this does not mean a week’s rent is lost. For a week’s payment to be lost there would need to be 53 weeks in the year rather than 53 payment days.

The ‘problem’ is caused by the impossibility of accurately aligning weekly and monthly payment cycles at all points in time. By selecting a random period, it is possible to show a theoretical shortfall which does not exist in practice. A weekly Monday to Sunday rent period will not necessarily fit neatly within any other period. This is particularly so when comparing rent cycles to UC payment periods because the
assessment period (AP) varies from person to person, based on their initial date of claim.

There are two factors at play here. First, take an example where the annual period in question ends on Wednesday. That means that four days of the rent paid during that year will fall into the following year. Similarly, part of the rent paid in the last rent week of the previous year will have fallen into the current year.

The second factor is that a UC claimant paying rent weekly will not have a uniform rental liability within each assessment period. There will be either four or five payment dates within each AP. In the APs where there are only four payments days, they will receive slightly more from UC than they pay to their landlord. In APs where there are five payments days, they will receive slightly less.

It is inevitable that one chosen time period will not align perfectly with an entirely different time period. But having 53 rent days doesn’t mean paying more over the course of the year; that is the effect of the day of the week selected for paying rent. If a tenant pays rent on a Friday and that happens to be 1st of January or 31st of December, they are still paying rent for a week but there may happen to be more rent days in a calendar year for one year rather than the other.

The effect of this is that, over the course of the next housing association rental year, a tenant’s UC payments will accurately reflect their liability, irrespective of the 53 payment weeks issue.

I hope you find the information in this letter helpful.

Best wishes,

The Rt Hon Amber Rudd MP
SECRETARY OF STATE FOR WORK AND PENSIONS