

DWP Guidance – February 2019: Universal Credit landlord engagement newsletter

REF 3.5 – 53 Weeks Update

Universal Credit is paid on a monthly cycle. Where a tenant has a weekly rental liability, they will have to make either 4 or 5 rent payments in any one month.

This means that claimants are 'overpaid' by UC in months where they have to make 4 rental payments and 'underpaid' where they make 5, but over time this broadly balances itself out.

It is impossible to accurately align weekly and monthly payment cycles at all points in time.

No year contains 53 weeks. Landlords who charge rent weekly on a Monday every 5 or 6 years seek a 53rd rent payments in a year, with the 53rd payment in part covering the tenancy for the first few days of the following year because of the way the calendar falls.

Where a tenant makes a 53rd weekly rent payment on the last Monday of the 2019/20 year, only 2 days of that payment relates to a liability falling within that year (i.e. payment covering Monday and Tuesday of that week as Wednesday falls in the new year).

Thus, 5 days of that payment is an advance payment for the following month and that month has only 4 Mondays and hence four rent payments.

The combination of the advance rent payment and the 'overpayment' in April 2020 means that the shortfall is immediately recovered.

The Department has recognised that there is a separate issue with regards to the way the calculation in the Universal Credit regulations converts a weekly liability into a monthly allowance.

The conversion is achieved by multiplying the weekly rent by 52 and then dividing by 12. This effectively means one day's rent a year (2 days in a leap years) are not covered by UC.

We are currently considering whether this formulation around weekly rents, and potentially other weekly amounts in the UC calculation, should be amended.