

# Welfare Aware 2018

## Universal Credit Briefing 2: Advance Payments and Alternative Payment Arrangements (APAs) tips for frontline teams

**Let's end homelessness together**

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## Universal Credit: Advance Payments and Alternative Payment Arrangements (APAs)

Universal Credit (UC) is paid in single monthly payments to one account per 'household' and is structured so that the housing element is paid directly to the claimant, as opposed to the landlord. People experiencing homelessness, destitution or facing challenges with multiple disadvantage can find it hard to manage these changes to the benefit claim process.

If there is a risk of financial harm or debt associated with people moving on to the new payments, there are Advance Payments and Alternative Payment Arrangements (APAs) available that can make transitioning over to UC or setting up a new claim less disruptive. Not everyone is eligible for them, and some may not be relevant to your client's circumstances, so this summary document explains what APAs are, why they can be useful and what you should consider if supporting someone to access them.

Some Work Coaches in job centres may only have limited information on these alternate payment arrangements, so the more you can advocate on behalf of your client, the better outcomes you will have. Starting a brand new claim for UC or transitioning over from legacy benefits can be a stressful experience, especially as payments can be delayed or slow in arriving, so you should clearly explain the options and relevant timescales to your client.

### Advance Payments

The aim of UC is for claimants to receive their first single monthly payment within five or six weeks of making a new claim. This can be extremely challenging for most people who are new to UC and who do not have a secure financial base. If your client won't have enough money to live on between applying for UC and receiving first payment, then they may want to consider applying for an advance payment.

An advance payment is a loan that has to be paid back, with deductions being taken from future payments. While there is no interest to be paid on this loan, it means that new claimants will start their UC claim in debt, which can take months to pay back and lead to reduced future payments until all the debt is cleared. It is possible to claim up to 100% advance payment, and repay the loan over the following 12 months. Talk to your client about what level of advance payment (and subsequent repayment) they are comfortable with, as some may want more or less than others. If this is not within the remit of your service, refer your client to professional money management advice service, which should be provided by your local authority.

## Applying for an Advance Payment checklist

- Ensure you have explored all other options for finance for the interim period between applying for UC and first payment.
- Arrange time with your client to talk them through the process and fully explain impact on future payments.
- Budget how much your client needs, including how much they can realistically pay back. You will have to provide a breakdown of costs to the DWP.
- Request an advance payment from the DWP at the UC Interview.
- Once confirmed, advance payments take 3 days, so you will need to consider if any money is needed for this period of time.

It is possible to appeal against negative decisions for advance payments. It will help if you have further evidence to support their case.

## Other sources of funding

You should investigate the following places to find extra financial and other support during the five or six week shortfall between applying for UC and receiving first payment:

- Contact your local council: [www.gov.uk/find-local-council](http://www.gov.uk/find-local-council)
- Local food banks: [www.trusselltrust.org/get-help/find-a-foodbank](http://www.trusselltrust.org/get-help/find-a-foodbank)
- Vicars Relief Fund: [www.smitfc.org/our-grants](http://www.smitfc.org/our-grants)
- Zakat Foundation: [www.nzf.org.uk/Apply](http://www.nzf.org.uk/Apply)
- Cold weather payments: [www.gov.uk/cold-weather-payment](http://www.gov.uk/cold-weather-payment)
- Winter fuel payments: [www.gov.uk/winter-fuel-payment](http://www.gov.uk/winter-fuel-payment)
- Free prescriptions: [www.nhsbsa.nhs.uk/help-nhs-prescription-costs/free-nhs-prescriptions](http://www.nhsbsa.nhs.uk/help-nhs-prescription-costs/free-nhs-prescriptions)

## Money Advice

Money advice will be offered by Job Centre work coaches to all new claimants when they make a new claim, or when they transition from old benefits. This advice could include sign-posting to Citizens Advice, Money Advice Service, Money Saving Expert, budgeting advice and further Money Advice sessions. During this advice, individuals will either be assessed by a work coach or can personally request further support to help them adapt to the new payment scheme. These are called Alternate Payment Arrangements (APAs).

## Alternative Payment Arrangements (APAs)

Alternate Payment Arrangements (APAs) and are considered in the following order of priority:

### Direct housing costs (known as Managed Payments)

Claimants are expected to receive UC in a single payment and take responsibility for their budgeting and payment of all personal bills. If your client is at risk of debt or financial harm, work coaches will consider switching the housing element of Universal Credit to be paid directly to the landlord of the property they live in. This is to protect their access to housing and prevent homelessness and can be requested by either the claimant, a representative or the landlord themselves. Managed Payments can happen when there is either a history of rent arrears or the claimant is continually underpaying on their rent and are actively accruing rent arrears.

If you are working to support someone who is rough sleeping or vulnerably housed, you can:

- ✓ Discuss personal budgeting with your client. Discuss their history with managing their own finances and paying housing costs.
- ✓ Discuss what proof they have for previous or current rent arrears. To switch to Managed Payments, the DWP will want to see evidence, so make sure you collect any rent arrears letters, bank statements or other evidence to demonstrate their financially vulnerable position.
- ✓ With your client's consent, collect the contact details of the claimant's landlord. They will often be supportive of Managed Payments, so can support you to make applications quicker.

If accepted, Managed Payments can be reviewed at any time necessary by work coaches, so ongoing advice and support around money management and budgeting is useful for all claimants.

### Frequency of payments

UC payments are made monthly, however it is possible to get this changed to twice a month or, in exceptional circumstances, weekly. As this is considered following Managed Payments, anyone considered for more frequent payments will already be having their housing costs paid directly to the landlord.

### Split Payments

Split payments are very occasionally awarded to prevent hardship to the claimant and their family. Universal Credit is normally paid into one household account, but in this case it is divided between two members of a household. Split payments are considered in certain specific situations e.g. domestic violence or serious concerns about a claimant's ability to manage their financial affairs. The larger percentage is allocated to the person with primary caring responsibilities for children.

For more information on couples and claiming UC, including if one of the couple is not eligible for UC, please see Homeless Link's 'Supporting couples in homelessness services: Appendix: Couples and benefit claims': [www.homeless.org.uk/supporting-couples](http://www.homeless.org.uk/supporting-couples)

## Alternative Arrangement Payments (APAs) checklist

When working with clients in your service, if you identify any of the following, you should consider looking into APAs for your client:

- Is your client currently sofa surfing, rough sleeping or vulnerably housed?
- Your client has disclosed themselves to have a current or historical problem with substance misuse.
- Does your client suffer from a severe mental health issue?
- Is your client required to pay child support or payments relating to children of whom they do/don't have custody?
- You have received feedback from third parties that your client's alcohol or substance misuse should be taken into consideration
- Your client has challenges relating to literacy, numeracy, reading and writing.
- Your client has a diagnosed medical condition that renders them at a disadvantage (e.g. Down's Syndrome, a brain injury, autism, Korsakoff's Syndrome)
- Does your client have a history of severe or multiple debt (e.g. two months or more)?
- Does your client struggle to stick to arranged repayment, budgeting or payment schedules?
- Is your client often lending money to other people within your service, and could they be open to manipulation or financial risk/harm?
- Is your client within temporary accommodation or in non-permanent accommodation?
- Is your client in accommodation that makes it difficult to budget and limit expenditure? (e.g. in single rooms with no cooking or washing facilities, facilities or far from cheap shopping and utility places)
- Has your client been the victim of domestic violence or abuse from a partner or contact (this can include physical, sexual, emotional or financial)?
- Has your client been part of a forced or arranged marriage with a pattern of coercive or controlling behaviour in relation to household finance?

**This list is not exhaustive and is presented as a basic checklist. If you are unsure about how to proceed, speak to your manager or contact the DWP on 0800 328 9344.**

## Homeless Link

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