



Students and universal credit – February 2019 briefing

Universal credit (UC) has been introduced gradually throughout the UK, and at time of writing there are over 1.4 million people claiming UC in the UK, and almost 140,000 in Scotland (November 2018 statistics). CPAG in Scotland runs an advice line for advisers, giving advice on social security benefits, and has also developed an Early Warning System, to identify emerging issues with the benefit system. Increasingly enquiries are about UC, and issues raised range from processing and administrative issues, to problems with the legal framework for UC.

CPAG in Scotland has a particular interest in benefits for students, and for a number of years now has produced an annual publication, the *Benefits for Students in Scotland Handbook*, which outlines social security benefits that are available to students, and the interaction of those benefits with Scottish student funding.

This briefing analyses enquiries on CPAG in Scotland's advice line about UC for students between October and December 2018.

In this quarter CPAG in Scotland's advice line received 72 enquiries about students and UC. Of these, 13 were from college staff and 12 from university staff. Most of these enquiries related to students living in Glasgow, followed by Dundee, Angus, Edinburgh and Fife. 42 of the enquiries raised issues about UC for students that are worth looking at further. The rest of this briefing looks at those 42 enquiries in more detail.

The majority (27) of these 42 enquiries were to do with the treatment of student income under UC.

Student income and UC

Compared to the old benefits that UC is replacing, UC takes more account of student income. For example, under tax credit rules most student income is ignored completely and does not affect an award, therefore parent students generally receive maximum child tax credit. Under UC most student income is taken into account in full beyond a small monthly disregard. This results in many parent students seeing their income fall from one year to the next where they have moved from child tax credit to UC ('natural migration'), and applies particularly in higher education where students have loan and grant income totalling around £8000. This issue was raised by NUS Scotland in a recent news article (<https://www.bbc.co.uk/news/uk-scotland-46452653>).

Natural migration occurs where someone needs to claim one of the benefits which has been replaced by UC (income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, child tax credit or working tax credit). In most cases they are not able to claim any of these old benefits anymore, and if they want additional benefit they have to claim UC instead. In many cases this seriously disadvantages students who were getting maximum child tax credit and now find themselves receiving a much smaller amount of UC.

In the quarter October to December 2018 we had 12 cases where students had transferred from tax credits to UC, and in most if not all of these cases were worse off (note: some of the enquiries were simply about whether the client could return to tax credits or do anything to stop their UC claim, without any actual analysis of the changing amounts they may be eligible for).

A single parent with two dependent children aged 9 and 11 was advised to change from tax credits to UC, to get help with her rent after leaving work and becoming a full time student. When the UC claim was processed she was assessed as being eligible to receive £0 payment because of student income and a final wage. We advised she can reclaim UC now and should get around £300 per month during the rest of the academic year, but she would have received around £500 per month CTC if she had not claimed UC. #1536, October 2018

Three enquiries about student income and UC involved parent students who were not eligible for any UC because their income is too high. These cases were all from students with a partner in work. This is another example of the less generous treatment of student income in UC, and will have a knock-on effect to passporting benefits such as free school meals, which are usually only available to people actually receiving UC. Before the introduction of UC they would very likely have received some tax credits, and been passported to other benefits based on this.

In four of the cases student income which was not received was taken into account, based on DWP misunderstanding of the nature of the Scottish further education bursary maintenance allowance. This bursary is discretionary, and national guidance set by the Scottish Funding Council tells colleges that they should award £28 per week bursary to students on UC (see para 54-56 of the Award Assessment section of the policy at <http://www.sfc.ac.uk/publications-statistics/guidance/guidance-2018/SFCGD042018.aspx>)

Some offices processing UC awards advised students they should be getting £98 per week bursary and that this is the amount that would be taken into account.

An East of Scotland college contacted us because their local DWP office was taking into account a £98pw bursary when students were awarded £28pw, and saying it is wrong for college not to award the £98 amount. The college is very worried about losing students. CPAG advised that the bursary is discretionary, so DWP cannot take into account the amount

they want the student to receive - they have to take into account the amount the student is awarded. The Scottish Government national bursary policy explains that colleges should award £28pw to students on UC. The student should ask for the decision to be reconsidered. Note: the issue was resolved after the college principal intervened. #1779, October 2018

There are also other mistakes made with the treatment of student income. In one case student income was treated as earnings (with a 'work allowance' and earnings taper applied), resulting in an overpayment of UC which, when corrected by DWP, had to be paid back.

Some of the problems arose simply because the UC monthly statement does not set out in any detail which student income is taken into account, how it is calculated and how much is disregarded. The statements often just say £xxx student income is deducted from the award. Therefore students and advisers are at a loss as to whether the calculation is correct. Advisers are also confused about the treatment of discretionary (hardship) funds. Under the rules for the old benefits, some discretionary fund payments could be ignored, regardless of what they were paid for. There are no such allowances in UC, and in fact the picture is confused as the law differs depending on whether the income is for a further or higher education student, with more generous rules for those in higher education.

In the past year or two we have had a number of cases where the monthly disregard of student income has not been applied. The rules specify that £110 of student income is disregarded each month. However, in the period October to December 2018 we had no such enquiries. Hopefully this issue is sorted and will not re-emerge as a problem going forwards.

One enquiry was about the treatment of the new care-experienced bursary in UC. This grant, paid to young people who have been in local authority care, aims to encourage such young people into education. The grant has no special treatment and counts as income for UC in the same way as any other grant. This means any students in receipt of the grant and claiming UC see a corresponding drop in the amount of UC (or in many cases UC ending altogether as income from the grant is too high).

Disabled students and UC

The rules for disabled students claiming UC have emerged as being hugely problematic. To get UC a disabled student must satisfy two provisions: be entitled to personal independence payment (PIP) or disability living allowance (DLA) (or certain other disability benefits), *and* satisfy the limited capability for work test. Where students with disabilities are in receipt of PIP or DLA, but have not yet been assessed as having limited capability for work, the DWP position is that their claim for UC fails (as at that point they do not have limited capability for work). Note: limited capability for work is a DWP medical assessment of fitness for work. An assessment will be arranged for someone who claims employment and support allowance, or 28 days after someone on UC submits a fit note.

A solution to this predicament is difficult, and suggested solutions (see www.cpag.org.uk/content/universal-credit-and-disabled-students) are often abandoned by students, who cannot understand the procedure and get frustrated with the barriers placed in their way.

Campaigning has taken place on this issue with, as yet, no resolution (see www.disabilityrightsuk.org/news/2017/august/mps-urge-rule-change-enable-uc-be-payable-disabled-students). Most recently in December 2018 the Work and Pensions Select Committee called for the rules to be changed for disabled students, through treating them automatically as having limited capability for work if they get PIP/DLA, so they are then able to get UC (a similar provision currently exists in employment and support allowance) (see <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/news-parliament-2017/government-must-not-betray-disabled-people-in-transition-to-universal-credit/>).

In the period October to December 2018 we had eight cases where claiming UC was a problem for disabled students.

A disabled 20-year-old with autism and learning disabilities, among other conditions, was living with his mother and getting PIP and UC. He started studying a full-time life skills course. He was told by DWP that he could not continue to get UC unless he left the course. Feeling there was no other option, he did leave the course. We explained that the rules only allow a disabled student to remain on UC if they have been assessed as having limited capability for work (LCW), as well as getting PIP. Unlike ESA, there is no rule that treats you as having LCW pending assessment for UC. He could have asked DWP to send him for an assessment (although they may have refused), or he could have made an employment and support allowance credits-only claim to get the LCW assessment applied. However, both these options take time, probably months, and are not straightforward for people to understand.
#2615, December 2018

Student funding awards

Two cases from colleges were to do with optimal student funding awards – whether a student is better off on the £28 Bursary or EMA, and whether a student finishing one short course and starting a new course should be re-assessed for bursary, or should continue to get the same rate of before, to minimise the impact of bursary on her UC.

Time out for ill health

Getting benefit while taking time out of a course because of illness has always been problematic, and under UC, continues to be so. Someone can claim UC when taking time out for illness if they are in one of the groups entitled to UC anyway, which includes disabled students (see section above) and students who have recovered and are waiting to be able to return to the course in certain circumstances. Two cases in the quarter were about this topic.

Other issues

One case each were to do with UC for an estranged young person in FE, UC sanctions for a parent student, and the fact that a student carer cannot get UC as a carer (because the benefits rules do not allow payment of carer's benefits to someone studying full-time).

Recommendations

This briefing finds that there are a variety of problems for students claiming UC. The situation could be improved by:

- the production of clear, written guidance for DWP staff to follow, setting out how to calculate student income, and in particular, which Scottish student income to take into account
- improving statements from the DWP to students claiming UC so that it is apparent how the figure of student income taken into account was arrived at
- consideration of specific rules for the treatment of discretionary/hardship fund income (or disregarding such payments altogether)
- advising all parent students in higher education who are getting child tax credit, and are considering relinquishing this and claiming UC, to get a better-off calculation done first
- amending the rules for disabled students claiming UC, to allow them to be treated as having limited capability for work if they get PIP/DLA

Conclusion

As UC rolls out to more and more students, the implications are becoming clearer. In particular, student parents are often less well-off under UC than under the old benefits, and disabled students are having significant difficulties in establishing entitlement. Student income calculations are not always done correctly, and, even if they are done correctly, the calculation applied is not set out in a comprehensible way.

Students are facing hardship as a result of these problems, and more needs to be done to ensure DWP staff administering UC are trained on student issues, that the guidance they use is fit for purpose, and that award notices explain clearly to students how their income has been calculated. The problem being encountered by disabled students should be prioritised and a solution, such as that proposed by the Work and Pensions Select Committee, found.

CPAG in Scotland will continue to monitor the issues raised on our advice line and through our Early Warning system, and to raise these with DWP and other agencies.

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