



Universal Credit: proposals for a seven day “waiting period” for claims

Standard Note: SN06694
Last updated: 31 July 2013
Author: Steven Kennedy
Section: Social Policy Section

Universal Credit is to replace a range of benefits and tax credits for working age families. “Pathfinders” began in certain parts of North West England in April 2013, and by late 2017 – when the benefit should be fully introduced – it is expected that around 8 million families will be receiving UC.

In Spending Round 2013 on 26 June, the Chancellor announced that new UC claimants subject to work-related conditionality who have not had a UC claim in the previous six months will have to wait seven days before becoming eligible for support. The measure is expected to be introduced from April 2015, and ultimately yield savings of around £260 million a year.

“Waiting days” are nothing new – a waiting period following a new claim has applied ever since contributory unemployment benefits were introduced in the UK. The usual justification is that the social security system should not be expected to provide cover for people moving between jobs or experiencing brief spells of unemployment. In 1998 the Labour Government proposed to extend the waiting period for JSA claimants from three days to seven days – taking forward plans first announced by the previous Conservative Government – but the measure was dropped in the face of opposition, including from the Conservatives and the Liberal Democrats.

The Government argues that a seven day waiting period for UC reinforces its “work first” approach by sending the message that from the outset of the claim “rights to benefits are conditional on the requirement to search for work.” Welfare rights organisations and pressure groups have however voiced concerns, pointing out that Universal Credit brings together support currently delivered by a number of benefits and that the potential loss to individuals and to families could be substantial. There is concern about the impact on those with little or no savings, who may be forced to rely on payday loans, doorstep lenders, or food banks.

This information is provided to Members of Parliament in support of their parliamentary duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as being up to date; the law or policies may have changed since it was last updated; and it should not be relied upon as legal or professional advice or as a substitute for it. A suitably qualified professional should be consulted if specific advice or information is required.

This information is provided subject to [our general terms and conditions](#) which are available online or may be provided on request in hard copy. Authors are available to discuss the content of this briefing with Members and their staff, but not with the general public.

Contents

1	Background	3
2	Previous attempts to introduce a longer waiting period	3
3	Announcement in Spending Round 2013	7
	3.1 Comment	9

1 Background

When a person makes a claim for income-based or contribution-based Jobseeker's Allowance (JSA) following a period in employment, they must usually wait for three days (including Saturdays and Sundays) before their entitlement to benefit begins. If the claim is linked to a previous claim made in the previous twelve weeks however, they do not need to serve these three "waiting days." There are also exceptions in other situations, eg if the claim for JSA is within twelve weeks of the end of a period of entitlement to Employment and Support Allowance, Incapacity Benefit, Income Support or Carer's Allowance; if the person has been moved from Income Support to JSA; or if the claim is from a 16-17 year old under the severe hardship rules.¹

It is important to note that while JSA may not be payable for the first three days of a person's claim, other benefits may be payable from the outset. For example, if the person is making a claim for income-based JSA, they may receive full Housing Benefit for the waiting period.

The principle behind waiting days has been described as follows:

The fundamental principle behind waiting days is that social security is not designed to provide cover for moving between jobs or brief spells of unemployment. Many jobseekers have access to other resources at the beginning of their claims.²

Waiting days for unemployment benefits are a long-standing feature. The *National Insurance Act 1911*, which introduced contributory unemployment benefits, provided that benefit was not payable for the first week of unemployment. The waiting period for contributory unemployment benefit remained seven days until 1937, when it was reduced to three days. The waiting period for contributory unemployment benefits has remained three days ever since.³

In October 1996, when Jobseeker's Allowance was introduced, the three waiting days were extended for the first time to the means tested benefit for unemployed people, income-based JSA. This point was raised during the Committee Stage of the *Jobseeker's Allowance Bill* by the Opposition. The then Opposition Spokesman Keith Bradley tabled a number of amendments on this issue, including one which would have limited waiting days to contribution-based JSA, and one which would have set the three day limit in primary rather than secondary legislation.⁴

The provisions on waiting days are in paragraph 4 of Schedule 1 of the *Jobseekers Act 1995*, and regulation 46 of the *Jobseeker's Allowance Regulations 1996*.⁵

2 Previous attempts to introduce a longer waiting period

In the debate on the Budget Statement on 28 November 1996, the then Secretary of State for Social Security, Peter Lilley, announced the Conservative Government's intention to extend the waiting period for JSA from three to seven days, from April 1999:

¹ See Chapter 20, paras 20901-20904 of the DWP *Decision Maker's Guide*

² DSS note to the Social Security Advisory Committee on *The Social Security Jobseeker's Allowance (Waiting Days) Amendment Regulations 1997*, August 1997

³ Ibid

⁴ SC Deb (B), Fourteenth Sitting, 14 February 1995 c558

⁵ [SI 1996/207 as amended](#)

In the longer term, once it is possible to make further changes to the computer system from April 1999, people will have to wait seven days before receiving jobseeker's allowance, rather than the three days now. Waiting days have always been a feature of social security. Unemployment benefit was not designed to provide cover for moving between jobs, or for brief spells of unemployment. Other countries have similar waiting periods-Ireland's vary between three and 18 days, even Sweden's period is five days and New Zealand has the same seven-day wait that we propose.⁶

Others however questioned Mr Lilley's claim that "many people receive some sort of final payment which will cover them for the first week." Alan Howarth asked:

How many? He should not introduce the policy without knowing the proportion of people so fortunate. People who lose part-time or casual jobs, who are laid off or who have worked out a period of notice, will lose a full week's jobseeker's allowance, which may be worth well over £100. That will cause them severe difficulty. As the jobseeker's allowance is paid two weeks in arrears, many people will receive no income for three whole weeks. That is wrong.⁷

In a press release issued on 2 July 1997, the new Secretary of State for Social Security, Harriet Harman, announced that the Labour Government would proceed with the change in order to stay within Departmental Spending Plans:

Jobseeker's Allowance: The previous Government decided that the waiting days before Jobseeker's Allowance becomes payable will be increased from 3 days to 7 days from April 1999. However, by managing the cycle of Jobseeker's Allowance payments, we will ensure that nobody will have to wait more than the current maximum time before they receive their first payment of benefit.⁸

Draft regulations were submitted to the independent Social Security Advisory Committee (SSAC) for their consideration, and on 8 August 1997 SSAC began a consultation on the regulations.

In its report published in January 1998 on the *Jobseeker's Allowance (Amendment) Regulations 1998*⁹, SSAC recommended that the Government should not proceed with the proposal to extend the number of waiting days for JSA. Its report raised a number of points, including:

- Although 60% of those affected would have been in work, and therefore might in theory have been expected to have resources available to them, at least half these would have been on very low earnings
- Many low paid people borrowed against their first wages, so that final pay was needed to clear debts
- The measure could be a disincentive to take casual or short-term work
- People who had not been in work, such as discharged prisoners and people made homeless because of a breakdown of a relationship, would be particularly badly affected

⁶ HC Deb 28 November 1996 c491

⁷ HC Deb 28 November 1996 c540

⁸ DSS press release, *Harriet Harman sets out changes within Departmental Spending Plans*, 2 July 1997

⁹ Cm 3829

- While average additional losses would be around £34 per week (at 1998-99 benefit levels), for people with dependants (and therefore higher entitlements) the average loss would be £60.85
- The Social Fund budget would be placed under additional strain, with the result that some applicants who would otherwise have received payments would not get them
- Social Fund Crisis Loans would only spread the loss over a longer period, as they would have to be repaid
- Even with the "administrative easements" designed to ensure that people would not have to wait any longer than they previously had to for the first payment, the loss of four days' entitlement would mean that people would have little money for the first four weeks
- The provisions would not come into force until April 1999, outside the time of Government's commitment to stay within the previous administration's spending limits. The Committee considered this should leave time to find other ways of saving £65 million

The Labour Government rejected the Committee's recommendation that the waiting period for JSA should not be extended, explaining:

The Government notes the concerns of the Committee in relation to the effect on claimants of extending the number of waiting days. However, the proposed administrative easement will help to ensure that the maximum period people will have to wait before their benefit becomes payable is no longer than at present.

The fundamental principle behind waiting days is that social security is not designed to provide cover for moving between jobs or brief spells of unemployment. Many jobseekers have access to other resources at the beginning of their claims. For those without earnings or savings, Social Fund Crisis Loans may be available to help with living expenses for this short period.

The Government therefore considers it appropriate to implement a change which allows limited resources to be focused where they can be most effective. The Government believes that the best way to help unemployed people is to help them back into work and has announced a number of measures to do just this.¹⁰

The SSAC's report also said that, should the Government choose to proceed with the plans to extend the waiting period to seven days, it should consider further recommendations. These were:

- (a) those who had not, immediately before their claim for Jobseeker's Allowance, been in full-time paid employment (as defined within existing regulations) should be exempted from the need to serve additional waiting days;
- (b) those with dependent children should be exempted from the need to serve additional waiting days;
- (c) existing legislation to be amended to allow the qualifying period for payment of mortgage interest to start on the first waiting day, rather than on the first day for which benefit is paid. This would alleviate the problem with the further payment in mortgage interest and align the provisions with those of Income Support;

¹⁰ *The Jobseeker's Allowance (Amendment) Regulations 1998 (SI 1998 No 71) Report by the Social Security Advisory Committee, Cm 3829, January 1998*

(d) the Social Fund budget be increased to meet the estimated needs of those who are serving waiting days;

(e) an additional Social Fund loan category be created specifically for waiting days;

(f) the requirement for the Employment Service to reduce the gap between the date of claim and date of first payment of benefit be made mandatory and contained within regulations. The Department should consider introducing measures to monitor the performance of this requirement. This would ensure a national procedure which claimants would be able to enforce.¹¹

The Government's response was as follows:

While recognising the points identified by the Committee, the Government does not believe that it would be the best use of limited resources to exempt all but the recently employed from the extended waiting days. Exempting other groups would be complicated administratively and would reduce the resources which could be better targeted on getting people into work.

However, for those participating in the New Deal for young unemployed people, the Government proposes to introduce a change to the linking rules so that jobseekers will not have to serve a further set of waiting days if they claim Jobseeker's Allowance at the end of their time on the New Deal.

With regard to the Social Fund, the Government is confident that the additional demand can be dealt with without increasing the net social fund provision. Ministers decide the size and allocation of the gross discretionary social fund budget shortly before the start of each financial year. The effect of the increased waiting days for Jobseeker's Allowance on Crisis Loans may therefore be absorbed within any growth taking place before the change is introduced in 1999. Similarly, introducing a separate category of loan would not be desirable, as it would in effect set a precedent whereby the Social Fund could become a benefit replacement facility.

The Government is committed to ensuring that the administrative easement works as effectively as possible. However, it does not feel that it would be appropriate to regulate for the administrative easement, or that such regulation would improve its operation. Arrangements for attending the Jobcentre (attendance cycles) have always been left to administrative arrangements. The Employment Service is confident that it can deliver the required attendance pattern without any need to regulate.

However, the Government agrees to monitor carefully the effect of the change.¹²

The regulations to extend the JSA waiting period¹³ were laid before Parliament on 23 January 1998, along with the SSAC's report and the Government's response. The regulations were to have come into force on 5 April 1999.

Motions opposing the regulations were tabled by both the Liberal Democrats and the Conservatives, even though the proposals had been introduced by a Conservative government. Much was made of this in the press - see for example "[Parties swap places on benefit cuts](#)" *Independent*, 28 January 1998; "Mutiny threat as big cuts hit poor", *Independent*, 6 February 1998. Audrey Wise also tabled an Early Day Motion on 28 January 1998, which was signed by 54 Labour backbenchers:

¹¹ Ibid

¹² Ibid

¹³ [The Jobseeker's Allowance \(Amendment\) Regulations 1998](#); SI 1998/71

EDM 709 1997-98: Jobseeker's Allowance

That this House notes that the Jobseeker's Allowance (Amendment) Regulations, which increase waiting days from three to seven, was proposed and announced by the previous Tory Government in November 1996; observes that the Social Security Advisory Committee has said the proposal 'would add unacceptably to the hardship experienced by unemployed people and their families' and that 'people will be less likely to take the risk of starting casual work or work of short duration' and has advised the Government not to proceed with it; regrets that the Labour Government is nevertheless proceeding with these Tory regulations in order to save £65 million but also notes that the Tory front bench has changed its position and is now opposing its own proposal; and therefore calls on the Government to withdraw these Tory regulations which even the Tories have now deserted.

On 6 February 1998 Keith Bradley, the then Junior Social Security Minister, announced that the Government would not be proceeding further with the proposals:

Mr. Pond: To ask the Secretary of State for Social Security what plans she has to change the number of waiting days for jobseeker's allowance. [28887]

Mr. Keith Bradley: In the Welfare State review which the Prime Minister has set up, the Government will be considering the issue of waiting days in Jobseeker's Allowance. As it is part of the review, the Government will not therefore be proceeding with the previous proposal to extend the number of waiting days in Jobseeker's Allowance.¹⁴

Media reports referred to the decision as a "U-turn" and said that there seemed little prospect of the measure being resurrected.¹⁵

3 Announcement in Spending Round 2013

Spending Round 2013 announced various changes to benefits for people looking for work, including:

...requiring all unemployed claimants, and those earning less than the Government expects them to, to wait seven days before becoming eligible for financial support. This extends the current three-day waiting period for JSA claimants. This is another part of the 'work first' approach, sending the message from the very start that rights to benefits are conditional on the requirement to search for work. This is in line with international best practice. To recognise their contributions, the extended waiting period will not apply to people claiming contributory JSA or the Employment and Support Allowance (ESA).¹⁶

The accompanying *Spending Review 2013 Policy costings* document explained that the Government would:

Introduce seven waiting days in Universal Credit for new claimants that have not had a Universal Credit claim in the past six months, where at least one person in the household is subject to conditionality.

It is assumed the rule will be in place from the year 2015-16. Savings are estimated at £245 million in the first year, and £260 million in each of the two following years. The savings were

¹⁴ HC Deb 6 February 1998 cc813-814w

¹⁵ See "Harman's £65m cuts are quietly dropped," *Independent*, 7 February 1998; "Labour U-turn on dole delays," *Times*, 7 February 1998

¹⁶ Cm 8639, para 1.42

estimated using the DWP's policy simulation model for Universal Credit. The document states:

The costing assumes that from April 2015 new awards of Universal Credit in each month for claimants who would be subject to conditionality are reduced by the average amount of Universal Credit claimed per claimant per week.

The waiting period will apply to the whole Universal Credit award, including any housing element.¹⁷ It is expected that the measure will affect 1.6 million new claims for Universal Credit in Great Britain in the first year (2015-16)¹⁸, implying an average loss per claimant of around £153.

Ministers have said however that that all the savings from this measure will be reinvested to enable Jobcentres to give claimants looking for work more intensive help with job search and to cover the cost of enforcing other new conditions for claimants announced in the Spending Round, including weekly signing on for half of JSA claimants and longer interviews every three months.¹⁹

Full details of the measure are still to be announced, but in a written answer on 5 July the Minister for Employment, Mark Hoban, said that was likely that the existing exemptions in JSA would also apply to the proposed UC waiting period:

Jonathan Edwards: To ask the Secretary of State for Work and Pensions what his policy is on exemptions to the new jobseeker's allowance seven-day waiting rule; and if he will make a statement. [163291]

Mr Hoban: Detailed policies on this measure are yet to be decided. However current rules exempt claimants from serving waiting days where they have returned to jobseeker's allowance within 12 weeks of the end of a previous claim to jobseeker's allowance or a previous claim to another benefit, for example employment and support allowance. Young people who receive Jobseeker's allowance under severe hardship provisions are also exempt. It is likely that these exemptions will be carried forward to the new, extended seven-day waiting rule.²⁰

There is some confusion about what exactly is proposed, who it will affect, and how the extended waiting period will operate.

In a Lords written answer on 10 July, the Minister for Welfare Reform, Lord Freud, said that the waiting period "will only be introduced for claimants who we expect to work and who have full work-related requirements."²¹ This suggests that the measure would apply only to the same group as would currently qualify for Jobseeker's Allowance. However, in oral evidence to the Treasury Committee on 11 July the Chancellor appeared to suggest that the extended

¹⁷ HL Deb 10 July 2013 cc64-65WA

¹⁸ HL Deb 3 July 2013 c211-212WA

¹⁹ Cm 8639, para 1.44. See also the oral evidence given by the Chief Secretary to the Treasury and by the Chancellor of the Exchequer to the Treasury Committee on 9 July and 11 July respectively – to be published as HC 575

²⁰ HC Deb 5 July 2013 cc861-862w

²¹ HL Deb 10 July 2013 cc64-65WA

waiting period would also apply to those who would qualify for Employment and Support Allowance.²²

The Government has said the seven day waiting period will not apply to those who have had a claim for Universal Credit in the previous six months, but the situation for those previously in receipt of other benefits (eg JSA) is less clear.²³ In a written answer on 16 July, the Minister for Employment said that “People who leave benefit for less than 12 weeks will not be affected by the change.”²⁴

It is also unclear how the waiting period will interact with the Universal Credit rules on claims and payments. UC is to be paid monthly in arrears, meaning that new claimants will have to wait until the end of their first monthly “assessment period” before they receive their first payment (although those in financial need may be eligible for an advance of benefit²⁵). A seven day waiting period could either mean new claimants waiting a month for their first payment, but only receiving a payment for one month minus one week; or a wait of one month plus one week for a first payment covering one month. Asked whether the seven day wait would be included in, or additional to, the one month wait for UC claimants between making a new claim and receiving their first payment, Lord Freud said in a written answer on 10 July that “The details of how the waiting period will interact with a claimant’s date of claim and assessment periods will be announced in due course.”²⁶

3.1 Comment

The seven day waiting period will apply to those who have not been in receipt of Universal Credit in the previous six months, and who make a claim for UC on becoming unemployed or when their earnings fall such that they are now below the UC “conditionality threshold” (for most people this is set at the equivalent of 35 hours work at the National Minimum Wage). The waiting period will therefore apply to those still in work – eg people on “zero hours” contracts whose hours are cut – as well as those who become unemployed. It will not however apply to those already in receipt of Universal Credit when they became unemployed or had their wages cut.

Concern has been voiced that the seven day waiting period could discourage people from taking temporary work, or work with uncertain prospects, but the six month “linking period” will protect those moving off UC for relatively short periods. However, as noted above there is some uncertainty about the linking period for people previously claiming other benefits.

In the past, waiting periods have been justified on the grounds that the benefit system should not be expected to provide support during very brief spells of unemployment. The rationale given for the seven day waiting period for UC is however to encourage newly unemployed people to focus more closely on looking for a job. In his speech announcing the Spending Round on 26 June, the Chancellor said that the Government was introducing “upfront work search.” With regard to the seven day wait, he added “Those first few days should be spent

²² See [Q260 in the uncorrected transcript of oral evidence to be published as HC 575-ii 2013-14](#). **Please note however that this is the uncorrected transcript and neither witnesses nor Members have had the opportunity to correct the record. The transcript is not yet an approved formal record of these proceedings.**

²³ On the current timetable, migration of the full caseload of “legacy benefit” claimants is not expected to be completed until the end of 2017

²⁴ HC Deb 16 July 2013 cc657-658w

²⁵ See SN06683 [Short Term Benefit Advances and Budgeting Advances](#), 15 July 2013

²⁶ HL Deb 10 July 2013 c65WA

looking for work, not looking to sign on.”²⁷ Giving evidence to the Treasury Committee on 11 July, the Chancellor said:

Anyone who has been in work who is assessed as capable of work will have to wait seven days before claiming their benefit. We want people to be very focused in that initial week, which is the week when there is a very high chance of people finding work—we want them to be focused on that.²⁸

If the aim is to encourage people to undertake more intensive job search activity from the outset, some have suggested however that a seven day waiting period could in some circumstances have the opposite effect. Commenting on the Spending Review, the Centre for Economic and Social Inclusion said:

The introduction of a one-week waiting period under Universal Credit is concerning and may be counter-productive. Waiting days are not new: currently, claimants don’t usually get paid for the first three days of a Jobseeker’s Allowance claim. And in other countries these periods can be much longer (for example it is two to three weeks in New Zealand). However the government’s Policy Costings suggest that it will apply to the whole of a Universal Credit claim – including housing, child and disability elements. If this is the case then it will increase risks of rent arrears and debt, and quite likely make it harder for newly unemployed people to sort their finances out and start looking for work.²⁹

Responding to concerns about the impact on families of a seven day waiting period, Ministers have emphasised that in many cases people making a claim for UC will have a payment of final wages and/or a redundancy payment.³⁰ However, organisations such as the Resolution Foundation have drawn attention to the difficult financial position of many low to middle income working households, as a result of stagnant/declining real wage rates and other factors. The Resolution Foundation estimates that, of the 5.6 million low to middle income working households³¹, just over half have no savings at all and two thirds have less than a month’s income and savings. As a result, the Foundation argues that low to middle income families are “vulnerable to even small shocks such as an unexpectedly large bill” and that “major shocks such as illness or unemployment can be catastrophic.”³²

Other work by the Resolution Foundation identified around 3.6 million “debt loaded” households in 2012 (defined as households spending more than one quarter of their disposable income on debt repayments)³³, and highlighted the extent to which even greater

²⁷ HC Deb 26 June 2013 c 315

²⁸ Q263 in the uncorrected transcript of oral evidence to be published as HC 575-ii 2013-14. **Please note however that this is the uncorrected transcript and neither witnesses nor Members have had the opportunity to correct the record. The transcript is not yet an approved formal record of these proceedings.**

²⁹ CESI, *Spending Review 2013: welfare announcements*, 26 June 2013

³⁰ Q262 in the uncorrected transcript of oral evidence to be published as HC 575-ii 2013-14. **Please note however that this is the uncorrected transcript and neither witnesses nor Members have had the opportunity to correct the record. The transcript is not yet an approved formal record of these proceedings.** See also HL Deb 10 July 2013 cc45-46WA; HC Deb 16 July 2013 cc657-658w

³¹ Defined as in-work households below median income, not including the poorest 10% of households and those deriving more than 20% of their gross income from means-tested social security benefits

³² Matthew Whittaker, *Squeezed Britain 2013*, Resolution Foundation, February 2013

³³ Resolution Foundation, *On borrowed time? Dealing with household debt in an era of stagnant incomes*, December 2012

numbers could become “seriously exposed” if interest rates rise faster than expected in the next four years and household income growth is weak and uneven.³⁴

Responding to the Spending Review, Alison Garnham, Chief Executive of Child Poverty Action Group, warned that a seven day waiting period for UC could force families to have recourse to doorstep lenders, or food banks:

The decision to delay eligibility for Job Seekers Allowance to seven days is a ‘foodbanks first’ policy that will hurt families stuck in the low pay – no pay cycle, moving in and out of insecure, low-paid jobs, and will lengthen foodbank queues. We’re talking about parents doing the right thing but who have very little in the way of savings to tide them over if they lose their job. There should be no doubt this will leave more families and children cold and hungry and push more families towards doorstep lenders and foodbanks.³⁵

The Citizens Advice Chief Executive Gillian Guy voiced similar concerns:

Seven days is a long time to wait before being caught by the safety net. This could mean families who have fallen on hard times being unable to eat or heat their homes, relying even more on food banks which are already breaking under the strain of demand, or turning to payday lenders.

The Chancellor must explain if people moving in and out of temporary or low paid work, or on zero-hours contracts, will be penalised if their work dries up and they face seven days with no income. The uncertainty this creates for people in precarious employment completely undermines the stability Universal Credit is intended to provide."

The Spending Round 2013: Policy Costings document shows there is great deal of uncertainty about the effect these policy changes will have on the time that people will spend off benefits. Now that the Social Fund has been abolished, and with food banks running dry, the Government must explain how it will support families through this time to cope without any income.³⁶

For further discussion of the reasons for the growth in demand for food banks, see Library briefing SN06657, [Food Banks and Food Poverty](#), 4 June 2013.

For individuals and families awaiting a first payment of UC, Ministers have also drawn attention to the fact that an advance of benefit may be payable. However, to be eligible for a “Universal Credit advance”, the claimant must be able to demonstrate that they are in “financial need.” The regulations define financial need as a “serious risk of damage to the health or safety of A [the claimant] or any member of their family.” For further details see Library briefing SN06683 [Short Term Benefit Advances and Budgeting Advances](#), 15 July 2013.

³⁴ Matthew Whittaker, [Closer to the Edge? Prospects for household debt repayments as interest rates rise](#), Resolution Foundation, 11 July 2013

³⁵ CPAG press release, [‘Foodbanks first’ jobseekers cut and welfare cap will rack up economic costs of child poverty](#), 26 June 2013

³⁶ Citizens Advice, [Citizens Advice responds to the Spending Review](#), 26 June 2013