GARETH MORGAN, FERRET INFORMATION SYSTEMS – SUPPLEMENTARY WRITTEN EVIDENCE (EUC0124)

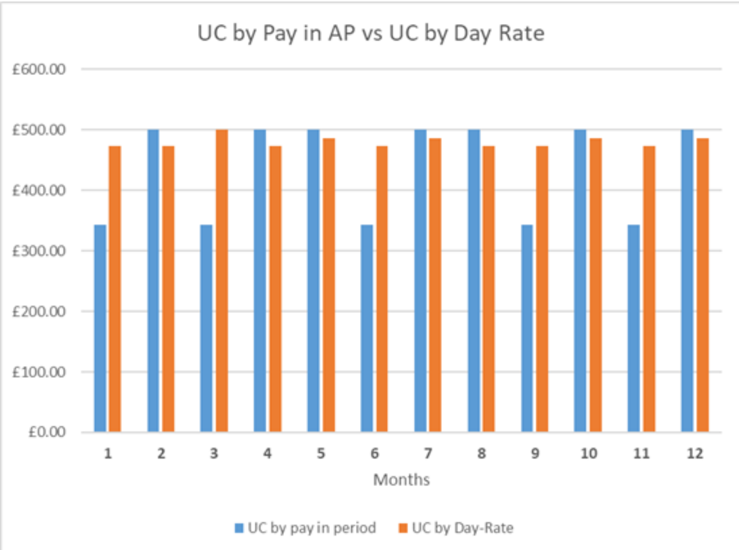
The economics of Universal Credit

A possible day-pay approach to assessing earnings.

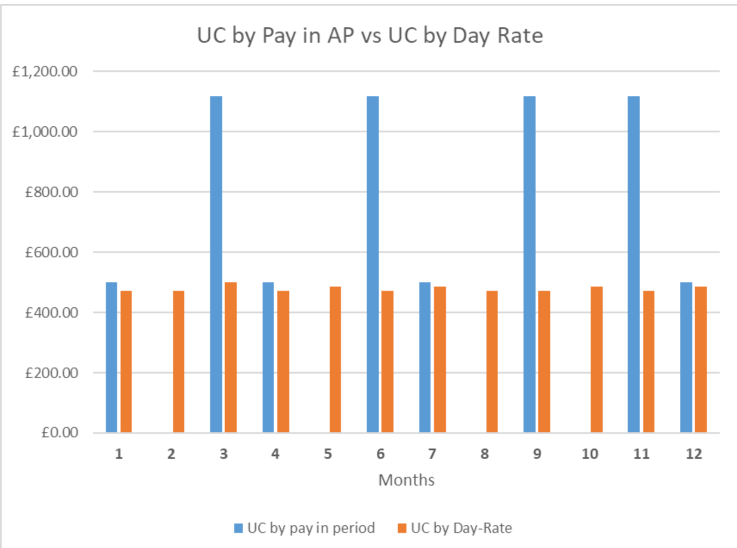
I started with the data which is passed across from employers in the existing RTI submission. Using that, I'm able to assess the dates for which pay is made (Making the assumption that it ends on the date of pay submitted). From that, I can determine the number of days falling with each assessment period for each pay period. That gives me the number of paid-days in total within each AP. I used a rather crude Pay-period -> Annual pay -> Day rate to then derive the pay attributable to the AP and adjust the UC using that.

It's crude and unfinished but it does:

a) Prove it can be done with existing data
b) Smooths the result



The chart alongside shows an existing weekly cycle with 4 or 5 pay days in each AP, compared to a day-rate version. The small variations are due to the varying number of days in the AP.



The same approach with a last working day of the month pay-date. The day-based calculation ensures UC is payable, in this example, in APs which would have no UC entitlement under current rules.

Day pay tables

Person 1	Weekly																
Payment Date	Frequency	no of periods	start date	days		AP1	Ap2	AP3	AP4	AP5	AP6	AP7	AP8	AP9	AP10	AP11	AP12
31/12/2019	W1	1	25/12/2019	7		1	0	0	0	0	0	0	0	0	0	0	0
07/01/2020	W1	1	01/01/2020	7		7	0	0	0	0	0	0	0	0	0	0	0
14/01/2020	W1	1	08/01/2020	7		7	0	0	0	0	0	0	0	0	0	0	0
21/01/2020	W1	1	15/01/2020	7		7	0	0	0	0	0	0	0	0	0	0	0
28/01/2020	W1	1	22/01/2020	7		7	0	0	0	0	0	0	0	0	0	0	0
04/02/2020	W1	1	29/01/2020	7		3	4	0	0	0	0	0	0	0	0	0	0
11/02/2020	W1	1	05/02/2020	7		0	7	0	0	0	0	0	0	0	0	0	0
18/02/2020	W1	1	12/02/2020	7		0	7	0	0	0	0	0	0	0	0	0	0
25/02/2020	W1	1	19/02/2020	7		0	7	0	0	0	0	0	0	0	0	0	0
03/03/2020	W1	1	26/02/2020	7		0	4	3	0	0	0	0	0	0	0	0	0
10/03/2020	W1	1	04/03/2020	7		0	0	7	0	0	0	0	0	0	0	0	0
17/03/2020	W1	1	11/03/2020	7		0	0	7	0	0	0	0	0	0	0	0	0
24/03/2020	W1	1	18/03/2020	7		0	0	7	0	0	0	0	0	0	0	0	0
31/03/2020	W1	1	25/03/2020	7		0	0	7	0	0	0	0	0	0	0	0	0
07/04/2020	W1	1	01/04/2020	7		0	0	0	7	0	0	0	0	0	0	0	0
14/04/2020	W1	1	08/04/2020	7		0	0	0	7	0	0	0	0	0	0	0	Rov
21/04/2020	W1	1	15/04/2020	7		0	0	0	7	0	0	0	0	0	0	0	0
28/04/2020	W1	1	22/04/2020	7		0	0	0	7	0	0	0	0	0	0	0	0
05/05/2020	W1	1	29/04/2020	7		0	0	0	2	5	0	0	0	0	0	0	0
12/05/2020	W1	1	06/05/2020	7		0	0	0	0	7	0	0	0	0	0	0	0
[illegible]/01/2021	[illegible]	[illegible]	13/01/2021	[illegible]		[illegible]	0	0	0	0	0	[illegible]	0	[illegible]	0	[illegible]	0
					Days	31	28	30	29	30	29	30	30	29	30	29	30
					AP Pay	£1,107.14	£1,000.00	£1,071.43	£1,035.71	£1,071.43	£1,035.71	£1,071.43	£1,071.43	£1,035.71	£1,071.43	£1,035.71	£1,071.43

Person 1	Last working Day																
Payment Date	Frequency	no of periods	start date	days		AP1	Ap2	AP3	AP4	AP5	AP6	AP7	AP8	AP9	AP10	AP11	AP12
31/12/2019	lwd	1	01/12/2019	31		1	0	0	0	0	0	0	0	0	0	0	0
28/01/2020	lwd	1	29/12/2019	31		29	0	0	0	0	0	0	0	0	0	0	0
25/02/2020	lwd	1	26/01/2020	31		6	25	0	0	0	0	0	0	0	0	0	0
24/03/2020	lwd	1	25/02/2020	29		0	5	24	0	0	0	0	0	0	0	0	0
21/04/2020	lwd	1	22/03/2020	31		0	0	10	21	0	0	0	0	0	0	0	0
19/05/2020	lwd	1	20/04/2020	30		0	0	0	11	19	0	0	0	0	0	0	0
16/06/2020	lwd	1	17/05/2020	31		0	0	0	0	15	16	0	0	0	0	0	0
14/07/2020	lwd	1	15/06/2020	30		0	0	0	0	0	16	14	0	0	0	0	0
11/08/2020	lwd	1	12/07/2020	31		0	0	0	0	0	0	20	11	[illegible]	0	0	0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	0	[illegible]	[illegible]	0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
					Days	35	29	33	31	33	31	33	33	31	33	32	34
					AP Pay	£1,250.00	£1,035.71	£1,178.57	£1,107.14	£1,178.57	£1,107.14	£1,178.57	£1,178.57	£1,107.14	£1,178.57	£1,142.86	£1,214.29

16 March 2020