

Universal Credit

What is it?

A new benefit called Universal Credit is being introduced to replace a range of benefits and Tax Credits. The aim of UC is to simplify the system and make work pay.

It is a benefit for anyone on a low to moderate income. It does not matter whether they are in work (or for how many hours), out of work because they are seeking work, caring, or too ill to work.

It is a means-tested benefit which means that entitlement depends on income, savings and personal circumstances.

It is a working age benefit, which means that single people of Pension Credit age, and couples where both members are Pension Credit age cannot claim it (they claim PC and HB instead). Couples where one member is under Pension Credit age will need to claim UC unless they are already on Pension Credit.

When is it being introduced?

Universal Credit has 'gone live' in many areas across the UK and will be 'live' across the whole of the UK by April 2016—see the gov.uk website for areas and dates.

Initially those who can make a new claim for UC in these areas are people in the most simple circumstances. There is a long list of 'gateway' eligibility criteria (that will change over time), and many people will find that they are not able to get UC at the moment—but can claim the 'usual' benefits in the normal way instead.

Someone already on one of the benefits Universal Credit is due to replace will continue to receive their benefits as normal until they are told they need to claim Universal Credit. This change will take several years to complete.

Universal Credit Sticks!

Once someone is on UC they stay on it (as long as they remain entitled to it). If they take on a partner, the couple claim UC together. If they split up, they both get UC as single claimants.

Which benefits is it replacing?

Universal Credit brings together six benefits and Tax Credits and replaces them with a single monthly payment.

It is replacing the following:

- ♦ Income-based Jobseekers Allowance
- ♦ Income-related Employment and Support Allowance
- ♦ Income Support
- ♦ Child Tax Credit
- ♦ Working Tax Credit
- ♦ Housing Benefit

All other benefits not included in the above list will continue to be paid as usual, such as Child Benefit, Carers Allowance etc. Passport benefits, such as free school meals, also remain.

How will it be paid?

Universal Credit will be paid once a month into an account nominated by the claimant. This can be a bank account, credit union current account or post office card account.

When someone first claims, their first payment will be made one calendar month and 7 or 14* days later, and then calendar monthly after that.

If someone thinks that they will find it difficult to manage while waiting for this first payment they can ask the DWP for a 'short-term advance'. This will need to be paid back out of their Universal Credit award.

If they think that they may find it difficult to manage monthly payments they can ask the DWP to pay their Universal Credit more frequently, usually twice monthly explaining why they cannot manage with monthly payments.

* may have 7 'waiting days' applied to their claim.

What is happening to Housing Benefit?

Most Universal Credit claimants will have the financial support they are entitled to, to help them pay their rent, included in their Universal Credit payment. This will be paid directly to them into their nominated account. They will need to pay their full rent to their landlord to ensure that they do not fall into rent arrears.

If, however, they are two months or more in rent arrears, their landlord can request that an amount be taken out of the Universal Credit award and paid to their landlord to prevent their arrears from increasing. Additional payments to reduce the arrears can also be taken. If the claimant is not two months in arrears but feels that they would be unable to cope with paying the rent themselves they can ask the DWP to consider paying it to their landlord – but they will need to explain why they would find it difficult to pay the rent themselves.

Discretionary Housing Payments - can be paid to someone on Universal Credit if their assessment includes a housing costs element.

How Much?

Universal Credit is a means tested benefit so how much someone will get will depend on their personal circumstances. For most claimants it pays the same amount as the benefits it replaces but there are some winners and some losers.

The Benefit Cap may reduce someone's UC award. A couple or lone parent can have no more than £2167/month in benefits, and a single person no more than £1517/month, unless exempt: DLA, PIP, AA, LCWRA, IIDB, War Pension, or earning £430net+/month.

What are Alternative Payment Arrangements?

These are generally made at the DWP's discretion, where it is in the best interests of the claimant and/or family:

- ♦ Paying UC more frequently – generally twice a month
- ♦ Splitting the UC payment between a couple
- ♦ Housing costs paid directly to the landlord*

*The landlord can also request this where the claimant has 2 months or more of rent arrears.

Claiming Universal Credit

Claims for Universal Credit are made on-line.
www.gov.uk/apply-universal-credit

Claimants who do not have access to the internet at home may be able to use the computers in the Jobcentre or local council offices where someone may be available to help them claim. Computers may also be available at a library or local community centre.

Claimants who cannot make a claim on-line or at the Jobcentre or local council offices can make a claim over the phone tel: 0845 600 0723, Mon-Fri, 8am—6pm.

Charges: from BT landline: 4p per minute plus 15p call set up charge. From mobiles up to 40p a minute.

A claim is not made until all the questions have been completed. Claimants should therefore be advised to have the following information with them when they claim.

- ♦ Their (and their partners) NI number
- ♦ Their postcode
- ♦ Their landlord's name and address
- ♦ Their rent (and for people living in social housing this is their eligible rent)
- ♦ Details of any children / relatives / friends that live with them including their name, date of birth and income.
- ♦ Account number and sort code of the account in which they would like their UC paid
- ♦ Details of any savings
- ♦ If working, their estimated gross wage
- ♦ Details of any income they receive
- ♦ Email address, landline/mobile phone number.

Once they've made their claim they will need to go into the Jobcentre to sign it, sign a 'claimant commitment', provide documents as requested by the DWP and discuss their personal

What is the Claimant Commitment?

Every claimant (and their partner) will need to sign a claimant commitment to be entitled to Universal Credit.

The claimant commitment outlines what they need to do in order to be paid, and continue to receive, their full UC award.

Claimants who are fit for work will be expected to work 35 hours a week. If they are not working they will be expected to spend 35 hours a week looking for a job. If they are working but not earning what they could be by working, then they may be asked to take part in a pilot looking at how the DWP can help part time and low paid workers into full time / better paid work.

Some people eg those with caring responsibilities, will be able to limit the number of hours they are expected to work. For example a parent whose youngest child is aged between 5 and 13 will be able to limit their expected hours of work to take account of school.

Some people will not be expected to work, but if not working will be expected to attend interviews at the Jobcentre. For example a parent whose youngest child is aged between one and five.

And some people will not be expected to work or prepare for work. For example parents with a child under one, some carers, some severely disabled.

Failing to keep to their claimant commitment will mean losing some of their Universal Credit – this is called a sanction. Some sanctions can last for up to 3 years.

Hardship payments are available to those people affected by a sanction who can demonstrate that they are suffering hardship. But these hardship payments will need to be repaid, and need to be claimed on a monthly basis.

What are monthly assessment periods?

Every Universal Credit claimant will be given a 'monthly assessment period' based on the date they made their claim. For instance someone who makes their claim on 10th Nov, will have a monthly assessment period running from 10th of one month to the 9th of the next. Every claimant's Universal Credit gets reassessed at the end of their monthly assessment period. The amount they receive for that month is determined by their circumstances on that date* (and if working on the earnings they received during that monthly assessment period). *Unless it is the addition of a limited capacity for work addition which will be added the following month.

What happens when someone on Universal Credit has a change in their circumstances?

When someone on Universal Credit has a change in their circumstances, they must notify the DWP immediately. This is done by calling: 0845 600 0723, Mon-Fri, 8am—6pm. Charges: from BT landline: 4p per minute plus 15p call set up charge. From mobiles up to 40p a minute—so claimants should ask to be called back—and unblock withheld numbers. Depending on the change, they may need to agree to a new Claimant Commitment. The change will be actioned from the beginning of the monthly assessment period in which it occurred* – unless it is a change that would mean more benefit and it was reported in a later assessment period. Late notification can lead to overpayments.

* unless it is the addition of a limited capacity for work addition which will be added into the assessment the following monthly assessment period.

Overpayments

All Universal Credit overpayments have to be repaid regardless of how caused. They will normally be recovered by reducing future payments of Universal Credit. In limited circumstances an overpayment can be recovered from the landlord.

Deductions

Various deductions can be made from a Universal Credit award including third party deductions for rent arrears. Where a landlord collects water on behalf of the water authority they can request water rates arrears and on-going liability.