

Universal Credit

What is it?

Universal Credit is replacing 6 means tested benefits and Tax Credits - see list below. (the “legacy” benefits). UC is for people on a low to moderate income, whether in work (regardless of how many hours), or out of work because they are seeking work, caring, or too ill to work.

It is a means-tested benefit - so 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 eventually need to claim UC unless they are already on Pension Credit (although at the moment they can still claim PC & HB).

A monthly benefit

UC is assessed and paid monthly in arrears - the Monthly Assessment Period (MAP) is based on date of claim. Entitlement is based on the circumstances on the last day of the MAP.

Which benefits is it replacing?

Universal Credit replaces 6 benefits and Tax Credits (the “legacy benefits”) 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 (eg Child Benefit, Council Tax Support, free school meals, disability benefits etc) are claimed and paid separately.

* unless living in ‘specified accommodation’.

Live (Gateway) or Full (Digital) service?

The Live (Gateway) service - an interim UC system - rolled out across GB between 2013 and 2016 - new claims under this service closed on 31st Dec 2017.

The Digital (Full) service is now being rolled out to replace the Live service (and is being rolled out in Northern Ireland too). When an area ‘goes Digital’ no new claims can be made for legacy benefits (except by: Pension Credit age claimants; families with 3+ children— who are redirected to legacy benefits until January 2019; and claims for HB from people living in ‘specified accommodation’).

But, unless there’s a change in circumstances which would mean a new claim for a legacy benefit, claimants can continue to receive legacy benefits in a Full (Digital) area until they are told they need to claim Universal Credit. This change will take several years to complete—expected to be 2022.

How is UC paid?

Universal Credit is paid once a month into an account nominated by the claimant. This can be a bank account, credit union current account or if the claimant is unable to open one of these a 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 an Advance Payment. 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.

* The 7 ‘waiting days’ are due to be abolished in February 2018.

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 UC claimants liable to pay rent and 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 UC award might be reduced due to the Benefit Cap (some families will not be affected eg if earn > £520 a month (2017/18 rates) or receive certain benefits.

The payment might be reduced due to certain deductions.

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 may be able to use the computers in the Jobcentre or local council offices where someone may be available to help them claim. They may also find computers available at a library or community centre.

Claimants who cannot make a claim online or at the Jobcentre etc can make a claim over the phone tel: 0800 328 5644, Mon-Fri, 8am—6pm.

Claimants need an email address to start the claim and will be expected to have a phone number and bank account.

A claim is not made until all the questions have been completed and the 'submit' button pressed. Claimants should therefore have the following information with them .

- ◆ 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 net wage and details of any child care
- ◆ Details of any income they receive
- ◆ Email address, landline/mobile phone number.

They will also need to go into the Jobcentre to: sign a tailored 'claimant commitment', provide documents as requested by the DWP, verify ID (if they weren't able to do this online).

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 normally 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, 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 3 and 13 will be able to limit their expected hours of work to take account of nursery or 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 three.

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' (MAP) based on the date they made their claim. For instance someone who makes their claim on 10th Nov and is not affected by the waiting days, will have a MAP running from 10th of one month to the 9th of the next. Every claimant's Universal Credit gets reassessed at the end of their MAP. The amount they receive for that month is determined by their circumstances on that date* (and if working on the earnings paid during that MAP).

*Unless it is the addition of a limited capacity for work /work related activities element which is added the month after the one in which the 'relevant period' ends.

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 online by claimants on the Full/Digital service or by phone for those on the Live/Gateway service: 0800 328 9344 Mon-Fri, 8am—6pm. 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. ~ Limited exceptions.

*Unless it is the addition of a limited capacity for work /work related activities element which is added the month after the one in which the 'relevant period' ends.

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.