

# UNIVERSAL CREDIT



Universal Credit has now been introduced in all Jobcentres across England, meaning that any NEW claim for one of the six benefits shown below would be a claim for Universal Credit instead.

Universal Credit will replace the following means-tested benefits:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Child Tax Credit, and
- Working Tax Credit

The amount paid depends upon your level of income and your family circumstances. It will apply whether you are in work or not. Claims are made online and awards calculated using a new HMRC computer system.

As a universal benefit, the hope is that Universal Credit will simplify the current system and make the transition between work and benefits easier. In order to achieve this there will be a disregard system that will reflect your circumstances. For example, there will be a higher disregard if you have a Limited Capability for Work, or if you have children.

A single taper of 63% will apply, withdrawing support as earnings rise. This means that for every £1 earned, Universal Credit will be reduced by 63 pence.

To reflect the patterns of work, payments are made calendar monthly. This will mean that you will need to budget your money in a very different way, especially as the payment will include all allowances including payments for your housing.

## REAL TIME COMPUTER SYSTEM

The DWP will collect 'real time information' through the HMRC computer system. Most employers are now signed up to this system and have to inform HMRC each month about wages paid to its employees.

Eventually, once claiming under the "digital" system, you will not have to inform DWP of any changes to earnings. You will, however have to report any other change in income or circumstances using your online account. At present, you will still need to inform the DWP of any changes to your work.

## MAKING A CLAIM

Claims can be made at any computer terminal. Job centre offices should offer support with this, and more computer terminals are now available at libraries and council offices. The online claim form takes approximately 30-40 minutes.

In 'exceptional circumstances' if you are unable to use a computer you will be able to make claims in person either by visiting a local office or by arranging a home visit.

If you are a member of a couple, you will have to make a joint claim. If one of you does not accept the 'claimant commitment,' then neither is eligible. If one of you does not meet the basic conditions, you can make a single claim, but your partner's income and capital is into account.

Backdating – maximum backdating allowed will be for one month for ANY reason.

### **Information you will need to have with you when making the claim:**

- National Insurance number
- E-mail address
- Date of birth
- Postcode
- Tenancy/rent agreement (if applicable)
- Amount of mortgage owed and details of lender, account number and interest rate charged
- Details of savings and any other capital
- Details of all income, including earnings, pensions, insurance payments etc.
- Details of all benefits that are currently received
- Bank account/Post Office account details where the UC is to be paid into
- Number and details of people living in the household (including dates of birth, and Child Benefit reference numbers when applicable)
- Cost and hours of any registered childcare, provider's name and Ofsted number

Amendments can be made once the end of the form is reached.

Once you have completed the online application, you will receive a text advising you when to attend your first interview and what you will need to take.

## CLAIMANT COMMITMENT

This is agreed at the first interview. It is very important that you tell your Work Coach about any health condition or caring commitments that will restrict the amount of time you could spend looking for work. The claimant commitment states what you will need to do in order to receive your Universal Credit, so it is important to get this right, and that you are capable of doing everything written into it. The claimant commitment is flexible, so if anything changes you should let your work coach know.

## SANCTIONS

There will be four levels of sanctions under Universal Credit: Higher, medium, lower and lowest. These are similar to the current sanctions under JSA, ESA and Income Support. These sanctions will be applied daily and continue until you meet the compliance condition.

Sanctions will be imposed if the claimant commitment is not adhered to.

You can still get hardship payments under Universal Credit, but these will have to be paid back.

## RECEIVING A PAYMENT

The initial payment of Universal Credit will be received at least one calendar month from the date of the initial claim. This date will appear at the end of the online application. This payment will be in arrears.

There are some possible solutions to the long wait for initial payment:

- Advance payment - This is an earlier payment that can be paid before your first official Universal Credit is received. You will receive the amount of your first month's payment in advance and this will be recovered within the first 12 months of your claim. This will mean a deduction from your Universal Credit payments for the first year.
- Budgeting Advances – These can be used for expenses such as furniture, deposits or rent in advance. They are fixed amounts (£348 for a single person, £464 for a couple and £812 for parents). You must have been in receipt of a qualifying benefit for at least 26 weeks.
- Discretionary Housing Payments – These will still be available from Local Authorities.

## MANAGING YOUR ONLINE ACCOUNT

You will have access to a journal and a 'to do' list through your Universal Credit account. You will need to actively manage this, as it is a way of communicating with your work coach and reporting any change in your circumstances.

## STRUCTURE OF UNIVERSAL CREDIT

Universal Credit will consist of a basic personal amount with additional amounts where appropriate. These additions will be for:

- Limited Capability for Work and Work Related Activities
- Caring responsibilities
- Housing costs
- Children
- Childcare

The personal amount is the basic building block of Universal Credit, as it is in existing benefits. The purpose of the personal amount is to provide for basic living costs. It will broadly reflect the current structure of personal allowances in Income Support, Jobseeker's Allowance and the assessment phase of ESA.

LIMITED CAPABILITY FOR WORK - The current ESA system will be incorporated into Universal Credit. This will include an additional component if you are in the Support Group. The Support component will rise significantly from its current £36.20, up to approximately £77. This is because there will be no disability premiums within Universal Credit.

Disability Living Allowance (DLA) and Personal Independence Payment (PIP) will remain separate from Universal Credit and will not provide a passport to any premiums within Universal Credit.

CARING - A Carer's element will be included in Universal Credit if you are in receipt of Carer's Allowance. If you are eligible for the Carer's element, you will fall into the no conditionality group under Universal Credit.

HOUSING COSTS - An appropriate amount will be added to the Universal Credit award to help meet the cost of rent. These costs are similar to the support currently provided.

#### Private Sector Tenants

This will be either the maximum Local Housing Allowance or actual rent if this is lower, minus any non-dependant deductions.

#### Social Housing Tenants

This will be the actual rent minus any under occupation deduction, non-dependant deduction (Housing costs contribution) and less any ineligible charges such as water rates, utilities and ineligible service charges.

#### Supported and temporary accommodation

If you are living in supported 'exempt' (specified), or temporary accommodation, you will continue to have your housing costs paid separately through Housing Benefit.

#### Owner occupiers

There is no longer any support paid through Universal Credit for mortgage costs. Support is now offered in the form of a loan.

#### CHILDREN

Universal Credit will include fixed amounts to provide for the costs of your children. The amounts will be based on those currently provided through Child Tax Credits.

Child Benefit will remain separate from Universal Credit.

## CHILDCARE

A childcare element will be included in Universal Credit. 85% of registered childcare will be paid up to a maximum of £646.35 per month for one child and £1108.04 per month for two or more children.

Help for childcare is restricted to lone parents or couples in which both are in employment. There is no limit on hours as there is currently under Working Tax Credits, meaning that payment for childcare will now be available if you are working under 16 hours.

## TREATMENT OF EARNINGS

Part of your net earnings is ignored if you have responsibility for a child, or have a Limited Capability for Work. This is known as the 'Work Allowance'.

For every pound that you earn above the 'work allowance', 63 pence will be deducted from your maximum Universal Credit (63% taper).

<b><u>EARNINGS DISREGARDS (WORK ALLOWANCE)</u></b>	
<b>ELIGIBLE FOR HOUSING COSTS</b>	
Have responsibility for a child	£198
Limited capability for work	£198
<b>NOT ELIGIBLE FOR HOUSING COSTS</b>	
Have responsibility for a child	£409
Limited Capability for Work	£409

## TREATMENT OF CAPITAL

You can claim Universal Credit if you have savings under £16,000. Capital in excess of £6,000 is treated as incurring a 'tariff income' of £1 per week (£4.35 per month) for each complete £250 over the £6,000 floor. Capital under £6,000 will be disregarded.

## NEW RULES OF CONDITIONALITY

Under Universal Credit each household will be set an earnings threshold. For example, if you have no caring responsibilities or health conditions you will have your threshold set at the minimum wage for 35 hours per week. If you are a lone parent with children between the ages of 5 and 12, you will be expected to look for work compatible with school hours.

If you reach or exceed the threshold you will have no conditions imposed on you. Apprentices will also be exempt from this conditionality.

If you do not reach the threshold you will have certain conditions imposed on you.

In some cases, work coaches can use discretion for the first 13 weeks of the conditionality, when looking at the type of jobs that you are expected to apply for. They will consider:

- Care needs of children if you are a lone parent
- If you have a 'good work history'
- If you are caring for someone
- If you have an evidenced health condition but do not have a 'limited capability for work'

There will be flexibility within this process. For example, other benefits such as pensions or flexibility can be considered when assessing whether changing jobs is worthwhile.

### EXTENSION OF CONDITIONALITY

Under Universal Credit, conditionality will be extended to working claimants. This means that if someone is not working enough hours they will also have certain conditions imposed.

You may be encouraged to meet your pay threshold by either:

- Increasing your hours or wage of your current job
- Finding one or more additional jobs to do alongside your existing job
- Finding a new job that offers a higher income

Any requirements of you should be reasonable, proportionate and compatible with your current work commitments.

### CONDITIONALITY GROUPS

You will need to sign the 'claimant commitment' and then placed into one of four conditionality groups:

<p><b><u>No work related requirements</u></b> – This includes those who have reached Pension Credit age, those with Limited Capability for Work and work related activity (Support group), those eligible for a carer's element, recent victims of domestic violence, lone parents or lead carers with a child under the age of one, pregnant women for 11 weeks before expected date of birth and up to 15 weeks afterwards, estranged 16-21 year olds, and those earning above their 'earnings threshold'</p>
<p><b><u>Work focused interview requirement only</u></b> – This includes lone parents or lead carers with a child under the age of 3, and single foster carers. Couples with children will need to nominate a lead carer.</p>
<p><b><u>Work preparation and subject to work focused interviews</u></b> – Those with a limited capability for work (Work Related Activity Group)</p>
<p><b><u>All work related requirements/full conditionality</u></b> – Jobseekers and those who do not fit any of the above criteria</p>

## TRANSITIONAL PROTECTION

You will receive financial protection if you are moved to Universal Credit and this amount will be less than they would get under the old system.

This transitional protection is only payable if DWP initiate the move, and so will not apply if you make the change of circumstance that prompts the new claim.

## BENEFITS THAT WILL REMAIN

Universal Credit will replace most means-tested benefits.

The following benefits will remain but may be subject to changes:

- Contributory Jobseeker's Allowance (New style JSA)
- Contributory ESA (New style ESA)
- Council Tax Support
- DLA/ Personal Independence Payment
- Child Benefit
- Pension Credit
- Carer's Allowance
- Bereavement Support Payment
- Statutory Sick Pay
- Statutory Maternity Pay
- Maternity Allowance
- Industrial Injuries Disablement Benefit

**UNIVERSAL CREDIT HELPLINE: 0800 328 5644**

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