

Factsheet B16: Universal Credit

News in October 2018: Universal Credit transition has been delayed again. Managed migration will begin in July 2019 for a small pilot group of claims, and then at a slower pace than originally planned, and they hope to have finished by December 2023. Managed migration is the term they use to describe moving people who are already on some existing benefits (see list below) over to Universal Credit.

Universal Credit is a single benefit that is designed for anyone of working age who is eligible for a means-tested benefit. It replaces the following benefits:

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

The government has provided some information to help you understand what Universal Credit might mean for you, if you look at the following link:

www.understandinguniversalcredit.gov.uk

It is being introduced gradually, over several years. It was piloted in April 2013 in the North West of England, and then was gradually tested in various other parts of England. It started across the country from February 2015, just for single people who are Jobseekers.



It will take some time before it is fully operational and all types of claimants are included. From May 2016 a fully digital service started in Great Yarmouth and Lowestoft, which meant that all types of claimants were included in those Jobcentre areas, and claims have been made and managed online.

By the end of 2018 this service will be introduced in all other Jobcentre areas in Norfolk, with Kings Lynn, Fakenham and North Walsham being the last to join. If you are on an existing means-tested benefit and you have a change of circumstances, you will be moved to Universal Credit at the time of change. By full service, we mean the digital service – everything from the initial claim to managing your claim and all interaction with the Jobcentre is done online.

The government may announce changes to their timetable to introduce Universal Credit, but at the moment if you are on an existing means-tested benefit and you have no change of circumstances to report, most people should expect to be gradually moved over to Universal Credit anytime from the middle of 2020 onwards, although the government don't expect to complete that process until December 2023.

The government has pledged transitional protection, which means that you will not lose any money when you are transferred onto Universal Credit, but this only applies to people who have not reported any change of circumstances. The only exception to this rule is for people who get Severe Disability Premium, who have been promised that they will not lose out when they move to Universal Credit.

You may continue to claim Tax Credits until you are informed otherwise. See our Factsheet: Main Benefit Changes announced from 2017 for more information, as there are frequent updates to the rules for Universal Credit.



How to Claim

Not everyone can claim Universal Credit yet. Go to www.gov.uk/apply-universal-credit to find out if you can apply, or call the Universal Credit helpline 0800 328 5644.

The government has produced the following guide to help you prepare for introduction of Universal Credit: <http://ucpp.dwp.gov.uk/universal-credit-preparation/>

If you have a problem with making an online claim, there are some organisations that can help you. Have a look at these:

<https://www.norfolk.gov.uk/news/2018/08/drive-to-create-more-digital-inclusion-across-norfolk> and <https://www.norwich.gov.uk/digitalinclusion>

The government has made a YouTube video explaining how the claim process works: <https://www.youtube.com/watch?v=fy06rAVZuss>. Although it is quite detailed, you can pause it at any time.

It includes information about a new way for the public to prove who they are when dealing with government services online. It's called GOV.UK Verify and once set up, will let people access their Universal Credit account.

To use GOV.UK Verify users will need to be over 20 years old and have access to a smart phone – preferably one that can download apps. They will also need ID such as a valid Passport, Drivers licence or National ID card and either a bank card, mobile phone contract or a bank statement.

This video explains how to use GOV.UK Verify:

<https://www.youtube.com/watch?v=s3FqoQ3dUzo>



Your Responsibilities

According to the government, under Universal Credit, you will always be better off working. The Government wants to get rid of the '16-hour rule', where benefit claimants often ended up with less money, because their benefits stopped as soon as they found a job. The new system will encourage more claimants to take on full-time work.

When you start a claim you will be expected to see a Work Coach, and they recommend that before you meet them, you register with 'Find A Job' (which is a replacement for Universal Jobmatch), create an up to date cv, and set up a personal email account. If you can't do those tasks, they will help you.

The rules for Universal Credit say that you must do any of the following that apply to you (which will depend on your circumstances):

- Meet your work focussed interview requirement
- Meet your work preparation requirements
- Meet your work search requirements
- Meet your work availability requirements.

Not everyone has to do these, for example if you are in the Support Group for Employment & Support Allowance, or you are a Carer, you will not have any work related requirements. There are other exemptions so you should seek advice on this.

These are recorded as your **Claimant Commitment** – in other words, these are the things you promise to do in exchange for your benefit. You may lose money if you do not do something you have agreed to do. This is called a sanction.



Sanctions

If you fail to meet the promises in your Claimant Commitment, for example by refusing a job, you could lose some or all of the standard Universal Credit allowance. The rules can be very harsh. If you refuse 3 jobs within a year of each other, you could lose out on the allowance for 3 years. You can learn more about sanctions here:

<https://www.moneyadvice.service.org.uk/en/articles/benefit-sanctions-and-what-to-do-about-them>

If you are told that your benefit is being sanctioned, please seek advice.

How much will I get?

A potential Universal Credit award can include:

- a standard allowance (single or couple, depending on age)
- a child/qualifying young person element (with extra for a disabled child)
- a housing costs element i.e. rent or mortgage (this will also be added to Pension Credit for pensioners who are working)
- childcare costs element – 85% of relevant costs (up to a given maximum amount)
- Carer element (it is not essential to get Carer's Allowance for this)
- and a work capability element (the Work Related Activity Group or Support Group additions) (but only the Support Group addition after April 2017 for new claimants)
- (but not both of the last two for any individual)

Have a look at the Universal Credit calculator sites recommended here:

<https://www.gov.uk/benefits-calculators>



To get the work capability element, you would need to pass a Work Capability Assessment.

If the Assessment is failed, most people will be expected to sign an agreement that they are looking for up to 35 hours work per week, unless other circumstances apply. Work Coaches can offer a reduced hours contract e.g. if you are a Carer, already earn more than the minimum wage, you have child under 13, do voluntary work (which can only be for 50% of the agreed time) or have health problems.

There is no requirement to work the minimum 16 hours currently required to get Working Tax Credit, but there will be pressure to increase hours if there is no good cause shown for having income supplemented by benefits.

Universal Credit is designed to make you better off when you are working. You may have a 'work allowance' (earnings that won't be counted) if you are responsible for one or more children, or if you have a limited capability for work. The allowance is currently £192 per month if you receive the housing costs element, or £397 per month if you don't. Otherwise you keep 37p for every £1 of any earnings, until you earn enough that you are no longer entitled to means-tested benefit. There will be an increase to work allowances (this was announced in the Oct 2018 Budget) but we don't have the exact figures yet.

There is a cap on the total amount of Universal Credit and other benefits that you can claim. The Universal Credit benefit cap is set at the average working households' take-home pay.

If you live outside Greater London, the cap is:



- £1666.67 per month (£20,000 a year) if you are in a couple, whether your children live with you or not, or if you are single and your children live with you
- £1116.67 per month (£13,400 a year) if you're single and you do not have children, or your children do not live with you

If you live in Greater London, the cap is:

- £1916.67 per month (£23,000 a year) if you are in a couple, whether your children live with you or not, or if you are single and your children live with you
- £1284.17 per month (£15,410 a year) if you're single and you do not have children, or your children do not live with you

The cap includes payments paid to help towards your rent or mortgage. Some benefits are excluded from the cap, and it will not apply if you are disabled, or working more than 16 hours. The Government is also planning to exempt Carers, although this has not been included yet. Please seek advice if you are affected by the cap.

It is worth noting that Universal Credit will potentially mean that disabled people will be worse off. There are no disability premiums (which seriously affects disabled claimants who can't work) and it has lower support for disabled children than Child Tax Credit does. The government has said it will offer 'enhanced protection' for anyone currently receiving the Severe Disability Premium, but we do not know how long they will continue to provide this for.

People who pay rent

Any rent payment will take into account the law about the number of bedrooms your household needs, considering the number of people in your household and their ages and gender. This might mean that your payments



are reduced, if they think you are paying for more rooms than you need, although there are some exceptions. Please see our separate factsheet about the Bedroom Tax.

If you live in social housing, with either a Council or Housing Association tenancy, you are likely to have all of your rent covered under your housing cost payment, unless you have a deduction because of the bedroom tax

For anyone who has a private landlord, you will only be paid the amount that you are eligible for, under the Local Housing Allowance rules. Each Local Authority sets their Local Housing Allowance rates by looking at the cost of rents in the area where you live, and the bedroom tax rules. Go to <https://www.gov.uk/find-local-council> if you are not sure which Local Authority you come under, then check their website for their Local Housing Allowance rates.

People with a Mortgage

For owner-occupiers, the support you will receive will reflect a flat rate of interest which is currently 3.12% (applied to loans up to a set limit) but there will be a 'zero earnings' rule – anyone working will not receive anything. The payments will be made direct to the lender, with a waiting time of 39 weeks from April 2016 onwards. From April 2018, the payments will only be made as loans.

Impact on Pension Credit

Once Universal Credit is introduced, both members of a couple have to be over pension credit age (this rule doesn't affect existing Pension Credit claimants). Under current rules if one member of a couple is 56 and the other is 66, the couple can jointly claim Pension Credit. Under Universal Credit rules



they will have to be joint Universal Credit claimants until the younger person reaches Pension Credit age.

If you require further information or would like this Factsheet in an alternative format you can contact us by calling: 01508 491210, by emailing: info@equallives.org.uk, or by writing to: Equal Lives, 15 Manor Farm Barns, Fox Road, Framingham Pigot, Norfolk, NR14 7PZ.

