

Universal Credit – A Short Guide

Universal Credit has started to take effect in Derbyshire but as yet it does not necessarily affect existing benefit claims, and may not do so until after 2018.

In Derbyshire, at the beginning of 2017, UC affects only new claims from single people who are unemployed and looking for work. This is called the UC 'gateway' or 'live service'.

Between May 2017 and August 2018, the 'full service' of UC will be introduced across Derbyshire, and this will affect more existing claims and will apply to all sorts of claimants, even those who are working.

However, even at this point existing benefit claims may not change until between July 2019 and March 2022.

For full details, including the dates from which the UC Full Service will apply, please see our website on our leaflet 'Universal Credit – what is happening now and in the future in Derbyshire'.

This leaflet describes the full UC scheme. Owing to the scheme's slow 'roll-out', parts of it may not apply for some time.

Call our Helpline if you require further advice.

What is Universal Credit?

A new 'means-tested' benefit (a top-up benefit if you do not have enough money to live on).

What is it replacing?

Universal Credit replaces these means-tested benefits:

- Income-Based Jobseeker's Allowance
- Income-Related Employment and Support Allowance
- Income Support
- Housing Benefit
- Child Tax Credit
- Working Tax Credit

So this means that Universal Credit will eventually replace all means-tested benefits for people who are:

- Unemployed
- Unable to work owing to illness or disability (temporary or permanent)
- Working part-time
- Working full-time

Are all benefits being replaced by Universal Credit?

No. The benefits listed above will eventually be replaced by Universal Credit but other benefits (such as Child Benefit, Carer's Allowance, Jobseeker's Allowance and Employment and Support Allowance based upon your National Insurance Contributions) will stay in place.

There may be other changes within the benefits system later.

I get benefits now - what happens to my claim?

If you are already getting one of the benefits that UC replaces, you will stay on that benefit for the time being.

If you live in a UC 'full service' area, you may be moved over to UC if you have a change in your circumstances which would have meant a new claim for one of the means-tested benefits.

However, if your circumstances remain the same, you may not be moved to UC until between July 2019 and March 2022.

For full details, including the dates from which the UC Full Service will apply, please see our website on our leaflet 'Universal Credit – what is happening now and in the future in Derbyshire'.

Who is covered by a Universal Credit claim?

This information describes the full version of Universal Credit. NB that only a limited version of Universal Credit will apply in Derbyshire to begin with.

Previously, 'means-tested' benefits such as Income Support etc. have been payable for adults, and Child Tax Credit for children. Universal Credit will be a single payment for you, as well as your partner and your children.

- So Universal Credit will apply to:
 - Single people
 - Lone parents
 - Couples
 - Children and young people in your family (up to the September following their 16th birthday, or if a young person is in full-time 'non-advanced' education or approved training, until the September after their 19th birthday).

What are the basic conditions for claiming Universal Credit?

In order to claim, you need to meet the following conditions:

- Your situation must fit the financial rules for Universal Credit (your income is low enough to qualify, and you must not have over £16000 in savings)
- You must be in Great Britain (temporary absence will be permitted) There are also rules relating to your 'right to reside' in the UK and 'habitual residence'
- You must usually not be 'receiving education' (see later for who can claim in this situation)
- You must accept a 'claimant commitment' (see below)

How old must I be to claim Universal Credit?

You must usually be 18 years old in order to claim.

There are special rules for 16-17 year olds, who may be able to claim in certain circumstances.

If you, or your partner, or both, are under 18, seek advice to make sure of your correct entitlements.

I am over 60 – do I claim Universal Credit or Pension Credit?

Unless you have reached a certain age, you must claim Universal Credit and not Pension Credit. 'Pension Credit age' is the age at which a woman may claim a Retirement Pension, and at which either men or women may claim Pension Credit.

Because of changes in the law to equalise retirement dates for men and women, Pension Credit age is changing – to check when it applies to you see <https://www.gov.uk/calculate-state-pension>

If you are part of a couple and one of you has reached Pension Credit age, you may still claim Pension Credit, even if you are in a UC 'Full Service' area. This will change some time at the end of 2018, and all couples in this situation will have to claim UC instead. If you are on Pension Credit already, you will not be affected by this change.

What is 'conditionality'?

In order to get Universal Credit, you will have to agree to certain 'conditions' or 'work-related requirements' attaching to your claim.

If you are capable of work and unemployed, conditionality may mean the following (not an exhaustive list):

- You must be available for work of at least 35 hours a week
- You must be able and willing to take up work immediately (this may be varied, for instance if you have part-time caring responsibilities)
- You must be seeking work for up to 35 hours a week (this requirement may be less, for instance if you are disabled, or have caring responsibilities)
- You will be expected to show proof of your job-searching
- You must be available for and attend interviews and training courses
- You should use the Universal Jobmatch site
- Take other action as directed by Jobcentre Plus such as attending the Work Programme

If you are claiming as a couple, you will usually both be affected by conditionality and will both have to sign a 'claimant commitment'.

If you are in work

You may still be required to do further training, gain other skills and look for longer hours and better-paid work.

If you are unable to work owing to illness

You may still be required to attend 'Work Focused Interviews' and other 'work-related activity'. More severely disabled people will not have to undertake 'work-related activity'.

If you are looking after children

'Conditionality' may vary according how old the child is, and to when you need to be available for looking after a child or children, e.g. being available to take them to and collect them from school.

Who isn't affected by conditionality?

You will not have any 'work-related requirements' if:

- You are severely disabled and counted as having 'limited capability for work and work-related activities'
- You have regular and substantial caring responsibilities for a severely disabled person (i.e. you are a full-time carer) – you may also be exempt if you are not a full-time carer but Jobcentre plus agrees it would be unreasonable to apply conditions to your claim
- You are the 'responsible carer' for a child aged under 1 year
- You are a recent victim of domestic violence (for 13 weeks)
- You earn over a certain amount weekly – referred to as the 'conditionality threshold' – this threshold is set individually, according to your circumstances. For instance if you are single and you get the equivalent of at least 35 hours a week at the National Minimum Wage, you will be exempt from conditionality
- You have reached Pension Credit age
- You are pregnant and it is 11 weeks or less before you expected week of confinement or you were pregnant and it is 15 weeks or less since the date of confinement
- You have adopted a child and it is 52 weeks or less since the date of the placement or you are the responsible foster parent of a child under the age of 1

What is the 'claimant commitment'?

The claimant commitment is a basic requirement of your Universal Credit claim and is an agreement containing all the conditions that you must meet in order to receive benefit.

If you do not keep to your commitment, your benefit could be sanctioned.

In exceptional circumstances, you may still be able to claim Universal Credit temporarily without a claimant commitment.

What are the sanctions under Universal Credit?

Sanctions are reductions in your Universal Credit imposed by Jobcentre Plus if you don't comply with their requests or instructions about job-seeking etc.

Remember that these requests and directions must be reasonable and that you have a right of appeal against sanctions decisions.

Sanctions may be imposed under Universal Credit even if you are working and you are still subject to conditionality.

Lower level sanctions –

There are two 'lower-level' sanctions.

These apply to those on full conditionality, or who must undertake work-preparation or attend Work Focused Interviews.

They may be imposed where you act without good reason and fail to comply with the following:

- To undertake specified action to look for work
- To comply with a 'work preparation requirement'
- To comply with a Work Focused Interview
- To produce evidence or confirm your compliance with requirements
- To report the loss of a job
- **Lowest level** - this is an open ended sanction which ends once you comply with what you have been asked to do.
- **The second 'low' level** extends the sanction for a week after you have complied. If you are sanctioned at this level again within one year, the sanction will be extended for 2 weeks after you comply, and for 4 weeks after you comply for third and subsequent sanctions within a year of each other.

Medium level sanctions –

These apply if you are subject to 'full' conditionality and you fail to undertake reasonable work search action or you are not able and willing immediately to take up work – including more hours and better paid work.

- 28 days for a first failure; 91 days for a second failure within 365 days.

High level sanctions – (apply if you are subject to full conditionality)

- Failure to undertake Mandatory Work Activity without good reason
- Failure to apply for a particular vacancy without good reason
- Failure to take up an offer of work without good reason
- Ceasing paid work through misconduct, or voluntarily, without good reason
- Losing pay without good reason by reason of misconduct or voluntarily

The first sanction is a fixed period of three months (91 days) followed (if within 365 days of the first) by six months (128 days) for the second, and three (1095 days) years for the third and any subsequent sanctions incurred within 365 days of the last.

How much is taken off my Universal Credit?

A sanction applies to the part of your Universal Credit award that is intended for the living costs of yourself (and those of your partner in some cases).

You may lose the whole of this part of the award. There are lower sanctions (40%) for 16-17 year olds and other vulnerable groups.

Your Universal Credit award is reduced, but you do not lose the elements paid for children, disability, housing, childcare etc, but your overall income will, obviously, be reduced. *[Recent developments may change this advice – check first.]*

If you encounter financial hardship because of sanctions, you may qualify for a hardship payment – see below.

Good Reason - In many situations there may be no sanction, or grounds to appeal, if you acted with 'good reason' – seek advice about this.

It is possible to appeal against sanctions decisions – seek advice right away and also see Challenging a Benefit Decision.

What are hardship payments?

If your benefit has been sanctioned you may be able to get a hardship payment, a smaller amount of money which is repayable.

You will be asked to agree to repay when you apply.

You cannot get a hardship payment if you are 16-17.

If agreed, the payment is made from the date of your application to the date that your next Universal Credit payment is due.

As Universal Credit is paid monthly, you will have to show month by month that you are still in hardship.

You will only get a hardship payment if you can't meet the 'immediate and most basic needs' of yourself and/or your family. This means food, heating, accommodation and hygiene.

You will also have to show that you have made every effort to meet your needs from other sources, and to cut down your costs.

You must continue to meet the terms of your Claimant Commitment.

It is possible to appeal against refusals of hardship payments – see Challenging a Benefit Decision.

How is Universal Credit worked out?

Like the previous mean-tested benefits, Universal Credit is only payable if you do not have too much in savings (see below) and your income is below what the law says you need to live on.

Recent changes in the rules mean that you may only be allowed a UC 'child element' for the first two children for whom you claim. No help may be given with third or subsequent children. There are exceptions to this policy – seek advice if this change affects you.

What the law says you need to live on

This is a level of income set by Parliament every year.

What the law says you need to live on depends upon your circumstances, such as:

Are you single, or a member of a couple

Do you have any children or young people dependent upon you

Are any of these children disabled (receiving Disability Living Allowance - or Personal Independence Payment of over 16)

Are you or your partner unable to work owing to illness or disability but able to do some 'work-related activity' that will help you return to work eventually

Are you or your partner unable to work owing to illness or disability and unable to do any 'work-related activity'

Are you or your partner a carer for a severely disabled person

Do you pay child care costs

Do you have to pay rent, a mortgage or service charges (housing costs)

All of these elements are added together to work out what the law says you need to live on – but this is not necessarily the amount you will receive, as Universal Credit takes your savings and other income in to account.

What if I am renting?

Housing costs for rent will be added to the Universal Credit calculation. You can claim these whether you are a social or private housing tenant.

However, just as with Housing Benefit, certain housing costs do not count for Universal Credit (such as water charges) and the amount of housing costs that is taken in to account may be reduced if you are deemed to be living in a property that is too large for your needs, for instance.

Your housing costs may also be reduced if there is someone else living with you (for instance a member of your family for whom you cannot claim as they are over 18) – the deduction is a fixed £70.06 per month.

Housing costs may be refused in certain situations – for instance if you are claiming for living with a close relative.

Rent costs will usually not be paid direct to your landlord; you will be expected to manage the payments yourself. Seek advice if this arrangement would cause you difficulty.

What if I am paying a mortgage?

It is possible to get mortgage interest help on secured loans under £200,000. NB this is help with interest only.

You will normally have to wait 9 months to get this help; the rate of interest is at a set rate fixed by the Universal Credit rules, so you may get less than the monthly payment set by your lender.

If you work and earn any amount of money, you cannot get mortgage help. Seek advice if this affects you.

Do I get help with service charges?

Service charges may be added to your housing costs whether you are renting or buying, but some may be disallowed. Service charges are more likely to be allowed where they pay for shared or communal services.

What help is there with child care?

Child-care costs are added to what the law says you need to live on. They are limited to £645.35 monthly for one child or £1108.04 per month for two or more children.

You must be working (or have an offer of paid work which starts soon or the arrangement was made before your work ended) but there is no minimum number of hours. You are counted as working if you are on Statutory Maternity, Paternity, Adoption or Sick Pay.

If you are a member of a couple – your partner must also be in paid work or must be unable to provide child care because they are ill or disabled, or they are a carer for a severely disabled person, or they are temporarily away.

Childcare help applies to a child before the 1st September following their 16th birthday. Care must be OFSTED registered.

As Universal Credit is paid monthly, you need to report your costs monthly - by the end of the UC 'assessment period' after the one in which you incurred them at the latest.

Take care – You will have to report your child care costs each month and they will be paid back to you in arrears. If you report your costs too late, you will not receive them.

What are the rules about savings?

If you have more than £16000 in savings (and other 'capital', not including the home you live in), you will not get Universal Credit.

Savings under £6000 will be ignored.

If you have savings between £6000 and £16000 it will be assumed that you have a fixed income coming in from this – the figure is nowhere near actual interest rates. It is £4.33 per month for every £250 or part of £250 that you have over the £6000 limit.

What are the rules about income?

What you have in terms of income is compared to what the law says you need to live on.

Universal Credit is only payable if your income is below what the law says you need to live on. If you are employed or self-employed: Your monthly net (after tax and 100% of any pension contribution) earnings count.

However, the Universal Credit rules allow you to keep a certain amount of your income before it starts to count. This is called a 'work allowance' – what work allowance you get depends upon your circumstances.

Even when you have exceeded your work allowance, 63p in every pound counts as income, so Universal Credit 'tapers' away as you earn more.

Income from benefits and any other income: This usually counts in full with no allowances.

Some benefits do not count at all as income:

- Disability Living Allowance
- Personal Independence Payment
- Attendance Allowance
- Constant Attendance Allowance
- Child Benefit
- Guardian's Allowance
- Child Maintenance
- Fostering allowances and fees (foster children will continue not to count as members of the family)
- War Pensions and Armed Forces Independence Payment

How do I make a claim for Universal Credit?

The government intends that all claims be made and managed online.

There are no paper claim forms, and you will only be allowed to claim by phone if it is clearly not possible for you to claim online.

You may have to go through a system that verifies your identity, and you may be required to attend Jobcentre Plus to give more details and evidence about your claim.

Seek advice if the new system of claiming causes you difficulties.

What do I have to do to keep my claim up to date?

You will be expected to manage and update your claim online, which includes reporting changes of circumstances that may affect your benefit entitlement.

If you are an employee, you will probably not have to report your income every month as this is supposed to be done by a system called Real Time Information, between your employer, the tax office and the DWP. You must still report all other changes yourself.

If you are self-employed, you will need to report your income every month.

Take care – If you do not report relevant changes of circumstances, you may be overpaid benefit. Any overpayment can be recovered from you. - see [‘I’ve Been Overpaid Benefit’](#).

If you fail to report changes, usually within a month, you may also be liable for a **£50 penalty**. This applies, for instance, if you have been negligent and have given incorrect information and you have not tried to correct the mistake, and where an overpayment of at least £65.01 has occurred.

When will I be paid?

Universal Credit is paid monthly, in arrears. Your first payment may be made slightly more than a month after your claim.

How is Universal Credit paid?

Direct to bank accounts in most cases. There is only one payment per family in most cases.

Is there any help if I am struggling with monthly payments?

Seek advice: a system of localised support is being developed for people who have problems with the new payments system.

What happens if there is a delay in payment or the wait for my next payment is too long?

- Short-term advances of benefit may assist you:
- If you have made a new claim and you are in financial need before receiving your first payment of benefit
- Where a change of circumstances significantly increases your benefit entitlement

Advances are awarded on the grounds of ‘financial need’ – serious risk of damage to the health and safety of you and/or your family.

Advances of Benefit are repayable.

Advances are not payable where your claim is subject to an appeal.

See [Short-Term Benefit Advances](#).

Can my Universal Credit claim be backdated?

Only in very limited circumstances, for a maximum of one month.

If you were previously in receipt of another benefit, and the letter telling you that the benefit was ending was not sent to you before the date on which your entitlement ended.

- If, because of a language, or learning, mental or physical disability, you have not been able to make a claim via telephone, in person or via the home visit support that DWP will offer
- If you experienced a health condition that prevented you making a claim - and supporting medical evidence for the relevant period is provided.

You were unable to make a claim owing to system failure or planned system maintenance

What happens if Universal Credit is less than my current benefits?

If your claim is moved to UC between July 2019 and March 2022 on a 'managed migration' scheme run by the DWP, you may qualify for 'transitional protection' – your benefit income will be frozen until the rate of UC catches up with your existing benefits.

However, you may still lose this help if your circumstances change.

Otherwise, there is no protection for your claim.

Seek advice if you are affected by these changes.

How do I appeal against a Universal Credit decision?

Most Universal Credit decisions may be appealed against, but you must first go through a process called Mandatory Reconsideration – see [Challenging a Benefit Decision](#).

Universal Credit and other help

Means-tested benefits usually entitle you to additional help such as health costs, free school meals, the Healthy Start scheme and Social Fund payments.

You may qualify for help with costs such as prescriptions, dental treatment, other health costs, free school meals etc – the rules relating to these are due to change, seek advice from our Helpline.

We now have a wide range of UC leaflets available giving more detail about UC and how it works. These are available via the Helpline or visit www.derbyshire.gov.uk/welfarebenefits

**To keep up-to-date with benefit changes in Derbyshire go to
www.derbyshire.gov.uk/benefitnews**

**Benefits Helpline – 01629 531535
Monday to Friday – 11.00am – 4.30pm**