

# Derbyshire Welfare Rights Service

## Universal Credit – A Short Guide

Universal Credit is a means-tested benefit which will eventually replace Income Support, Income-Based Jobseeker's Allowance, Income-Related Employment and Support Allowance, Working Tax Credit, Child Tax Credit and Housing Benefit - DWP refers to these as 'legacy benefits'.

The UC 'full service' has now been introduced throughout Derbyshire: it applies to all new means-tested benefit claims for people of working age and will apply to all sorts of claimants, even those who are working.

Where the full service is in place, it is not usually possible to make a new claim for any of the benefits that UC replaces – but some disabled people can't claim UC and are still allowed to make new claims for legacy benefits. See below.

Other existing benefit claims may not change to UC until between November 2020 and September 2024, but your claim could change to UC if you have a change of circumstances which means that you need to make a new claim for means-tested benefit.

For full details, please see our website or our leaflet 'Universal Credit – what is happening now and in the future in Derbyshire'. Call our Helpline for 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 (legacy 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 of working age and:

- unemployed
- unable to work owing to illness or disability (temporary or permanent)

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- carers
- 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.

You may be moved over to UC if you have a change in your circumstances which requires a new claim for a means-tested benefit – for instance you become fit for work after a period of illness, or you move home to a new Local Authority area and you need to claim help with your rent.

However, if your circumstances remain the same, you may not be moved to UC until between November 2020 and September 2024.

## **Can anyone still make a new claim for legacy benefits?**

Some disabled people can't claim Universal Credit and so they can still make new claims to any of the 'legacy benefits' even if they have a change in their circumstances.

Between 16/1/19 and 27/1/21 if you are disabled and receive a 'Severe Disability Premium' as part of your legacy benefit, or you received this within the last month, you cannot be moved over to Universal Credit even if your circumstances change. After 27/1/21, this protection comes to an end. If your circumstances do not change after 27/1/21, your claim may be moved to UC between November 2020 and September 2024.

The 'SDP' is payable if you receive Disability Living Allowance (at the middle or high rate for personal care), Personal Independence Payment (standard or enhanced rate for daily living) Attendance Allowance or their equivalents for the armed forces and industrial injuries, and nobody claims and is paid Carer's Allowance or receives the 'carer element' of Universal Credit for looking after you and you live alone (or you are treated as living alone) or you are part of couple who meet the rules.

This is only a summary of complicated rules – for more details see our leaflet 'UC- what is happening now and in the future'.

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If you currently receive SDP as part of your claim, or you think you should be receiving it, contact our helpline for advice.

## Who is covered by a Universal Credit claim?

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 (some temporary absence will be permitted) - there are also rules relating to your 'right to reside' in the UK and 'habitual residence' in the UK
- 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. Always seek advice about entitlement if you are under 18 or you have a partner who is under 18.

## Older people - Universal Credit or Pension Credit?

Unless you have reached pension age, you must claim Universal Credit and not Pension Credit. 'Pension age' is the age at which you may claim Retirement Pension and Pension Credit. This was set at 65 for both men and women last year, and rises gradually to 66 between now and September 2020. To check your state retirement date, see <https://www.gov.uk/calculate-state-pension> or seek advice from our helpline.

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If you are part of a couple and one of you has reached pension age, you may still make a new claim for claim Pension Credit, but only before 15/5/19.

On 15/5/19, the law changed and a 'mixed age' couple will be obliged to claim Universal Credit if they are claiming means-tested benefits for the first time. The person who is of pension age will not be required to seek work or prepare for work, but the younger partner will be subject to the UC 'conditionality' rules. You can only claim Pension Credit when you are both of pension age.

***If you are on Pension Credit already, you will not be affected by this change unless you lose entitlement to both PC and Housing Benefit under the rules for pensioners. You may also have a right to Pension Credit at a later point if you receive Housing Benefit but not PC as a mixed-age couple on 15/5/19. Some disabled people will need to claim legacy benefits instead. Seek advice.***

## **What is 'conditionality'?**

In order to get Universal Credit, you will have to agree to 'conditionality' 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 (this may be reduced, depending upon your circumstances)
- 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 'Find A Job' site
- Take other action as directed by Jobcentre Plus such as attending work schemes

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. This aspect of UC is still under development.

## **If you are unable to work owing to illness**

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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' for you will vary according how old your children are and when you need to be available for looking after them, 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 age
- You are pregnant and it is 11 weeks or less before your 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.

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## 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.

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**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 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 if you are both sanctioned)

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

*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 read our leaflet 'Challenging Benefit Decisions'.

## **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 in stages at a later date.

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

You cannot get a hardship payment if you are 16-17 (but not all of your money is removed by a sanction)

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

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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 Benefit Decisions](#)

## 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 who were born after 6/4/17. There are exceptions to this policy- seek advice.

## 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 if aged 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 or service charges (housing costs – see below).

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.

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If you have a mortgage, you may receive some assistance with mortgage interest costs, but this is on the basis of a repayable loan which is not part of the UC system. If you work and earn any amount of money, you cannot get mortgage help. Seek advice.

## **Housing costs - rent and service charges**

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 £72.16 per month.

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

You may have to claim Housing Benefit instead of UC housing costs for your rent if you are in temporary accommodation or accommodation where you receive care, support or supervision as part of your tenancy.

Rent costs will usually not be paid direct to your landlord; you will be expected to manage the payments yourself. You can request that a direct payment be made if you are having problems, for instance with budgeting or with arrears – seek advice.

## **Do I get help with service charges?**

Service charges may be added to your housing costs claim, 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 £646.35 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.

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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' in which you paid them.

**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 late, you may not receive them. Seek advice if you are having problems with this.

## 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 £4.35 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. After changes to the UC rules, only people who are responsible for children or people with disabilities receive a work allowance. For details, see our leaflet about how UC is worked out.

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

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**Income from benefits and any other income:** This usually counts in full.

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?**

Claims for full service UC are made and managed online. See the UC section of gov.uk

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.

Seek advice if you are having problems with claiming UC. Support is available to assist you to claim.

You will have to verify your identity (either online or at the Jobcentre), and you will usually be required to attend the Jobcentre to give more details and evidence about your claim.

## **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 done by a system called Real Time Information, between your employer, the tax office and the DWP. Check that your employer uses RTI. You must still report all other changes yourself.

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

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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 five weeks 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 can't wait 5 weeks or I am struggling with monthly payments?

Seek advice - and see our leaflet 'Advance payments and alternative payments to help you budget'

Short-term advance payments of UC 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' – to avoid serious risk of damage to the health and safety of you and/or your family.

Advances of UC are repayable, usually over a 12-month period.

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

## 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 from DWP

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- 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

The rules do not allow for backdating where you have been given incorrect or misleading advice by the DWP or they have made an error. If this happens, seek advice about making a formal complaint to seek compensation for financial loss.

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

If your claim is moved to UC between November 2020 and September 2024 and you are notified in writing by the DWP that you must change your claim to UC, (this scheme is called 'managed migration') you may qualify for 'transitional protection' – your benefit income will be frozen until the rate of UC catches up with your existing benefits.

Otherwise, there is at present no protection for your claim if it moves to UC. However if you received a severe disability premium in your legacy benefits (see above) and you are moved by mistake to UC, seek advice – it may be possible to return to your previous benefit.

Changes to the law are currently under consideration and we will update our information as soon as we know more.

## **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 Benefit Decisions](#).

## **Universal Credit and other help**

You may qualify for help with costs such as prescriptions, dental treatment, other health costs, free school meals, Healthy Start and Social Fund payments etc – ask the helpline for our leaflet on UC and health/school meal costs or see the Derbyshire County Council website

Additional information can be found on our website, visit [www.derbyshire.gov.uk/welfarebenefits](http://www.derbyshire.gov.uk/welfarebenefits)

**To keep up-to-date with benefit changes in Derbyshire go to**  
[www.derbyshire.gov.uk/benefitnews](http://www.derbyshire.gov.uk/benefitnews)

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**Benefits Helpline – 01629 531535 or email**  
**[welfarebenefits@derbyshire.gov.uk](mailto:welfarebenefits@derbyshire.gov.uk)**

**Monday, Tuesday, Thursday, Friday**  
**11.00am – 4.00pm**