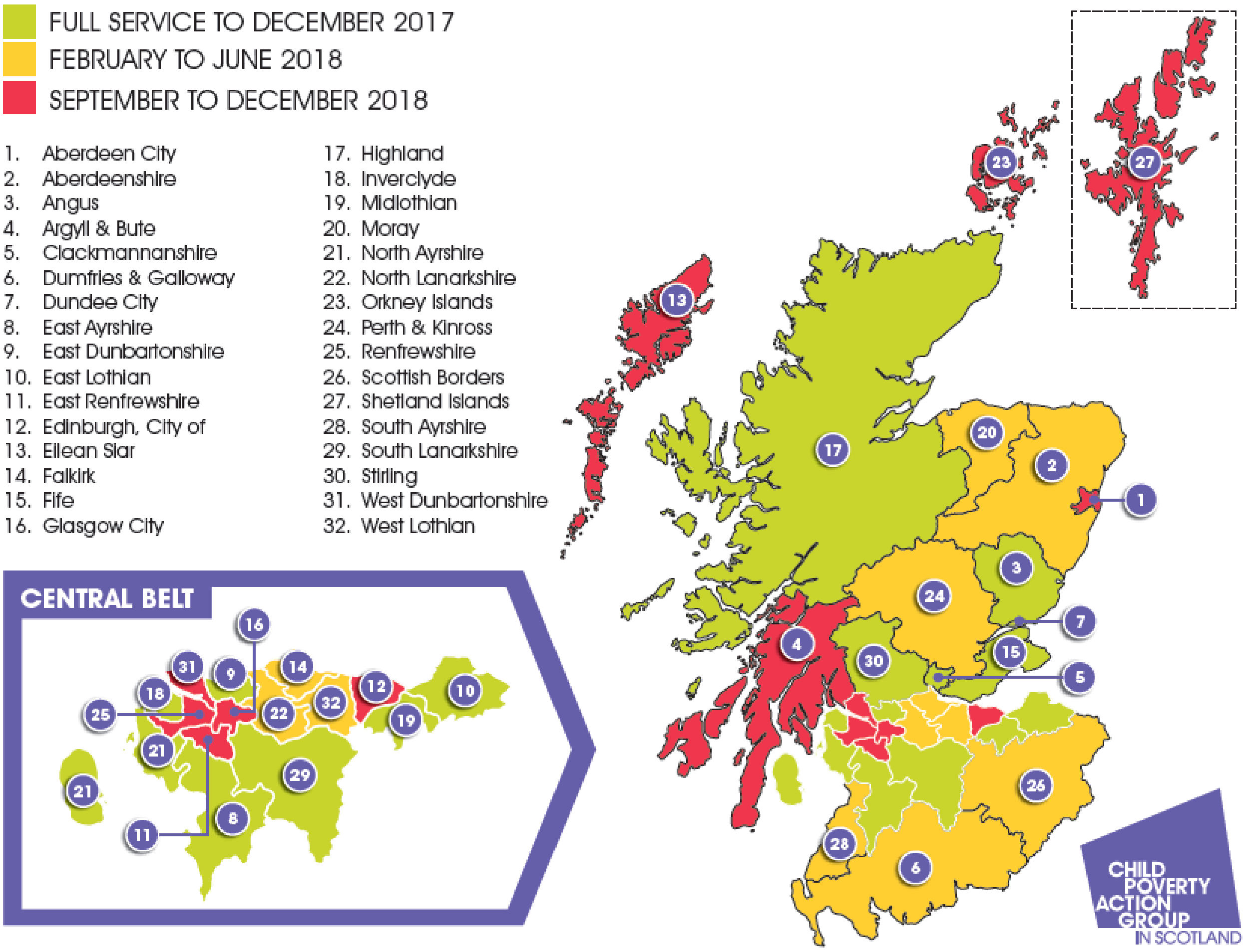
UNIVERSAL CREDIT

January 2018

Universal credit (UC) is a new benefit being gradually introduced across the UK, replacing current means-tested benefits and tax credits for working-age people.

You cannot make a new claim for UC until the full service has been introduced in your area.

UNIVERSAL CREDIT FULL SERVICE ROLLOUT IN SCOTLAND



Note that the exact dates are according to your home postcode and local jobcentre.

To check whether you are in a UC full service area, enter your postcode at https://universalcreditinfo.net/

Who can claim universal credit?

When the UC is fully introduced in your area, you can claim if you meet the following basic conditions:

- You must usually be at least 18 years old (16/17 year olds can claim in special cases such as parents, disabled people or if you are estranged from your parents).
- You must be under the qualifying age for pension credit (this is over 64, rising to 65 by November 2018).
- You must not be in education, although some people in education can claim (mainly parents, disabled students or young people on non-advanced courses without parental support).
- You must not have more than £16,000 in capital (savings, property other than your home). If you have more than £6,000 in capital, you are treated as having an income of £4.35 a month for every £250, or part, above the limit).
- Your income must be low enough. Some income is disregarded – eg, child benefit and personal independence payment, while other income is taken into account in full – eg, occupational and personal pensions. Net earnings above your work allowance, if applicable (see below) are deducted from universal credit amounts at the rate of 63 per cent– ie, your UC is reduced by 63p for every £1 of earnings.
- You must accept your claimant commitment.
- You must not be responsible for three or more children (unless you are reclaiming UC within 6 months, or within one month of separating).

Which benefits are going?

The following, known as 'legacy benefits', are being abolished and replaced by UC:

- income support (IS);
- income-based jobseeker's allowance (JSA);
- income-related employment and support allowance (ESA);
- housing benefit (HB – except for people in some kinds of supported accommodation and people over pension credit age);
- child tax credit (CTC);
- working tax credit (WTC).

It is not possible to make new claims for these legacy benefits once the UC full service has been introduced in your area, unless you have three or more children. You can still claim CTC if you already get WTC, and you can claim WTC if you already get CTC.

If you are already getting UC and live in an area where the full service has not yet been introduced, it is possible to give up your UC claim and claim legacy benefits - get advice first.

Benefits other than those listed above are not being replaced by UC. You can continue to claim other benefits such as contribution-based JSA, contributory ESA, child benefit, carer's allowance, bereavement support payment and personal independence payment.

What happens to existing claimants?

If you live in an area where the UC full service has been introduced, and are currently getting legacy benefits you can continue to claim. However, a change of circumstances may mean you have to claim universal credit instead, for example:

- A person getting income-based JSA who finds a job may have to claim universal credit instead of working tax credit and housing benefit.
- A person getting working tax credit who loses their job may have to claim universal credit instead of income-based JSA and housing benefit.
- A person getting income-related ESA who is found fit for work may have to claim universal credit instead of income-based JSA.
- A lone parent getting IS whose youngest child turns 5 may have to claim universal credit instead of income-based JSA

Eventually, existing claimants will be moved onto universal credit even if there has been no change of circumstances. This process is referred to as 'managed migration' and is planned to happen between 2019 and 2022. The government has said that claimants should not lose out at the point of change.

How much is universal credit?

Universal credit is made up of:

- a standard allowance for a single claimant or couple;
- additional amounts for:
    - children (or some 16-19 year olds in full-time non-advanced education, known as qualifying young people), with additional amounts for disabled children;
    - rent or a mortgage (support for mortgage interest is only available for a month in which the claimant does not do any paid work, and after a waiting period of nine months – from April 2018 it will be a loan);
    - limited capability for work-related activity;
    - regular and substantial caring responsibilities for a severely disabled person;
    - 85 per cent of registered childcare costs, within limits.

The maximum award is subject to the 'benefit cap' – this is set at £1,666 a month for couples or lone parents and £1,116 for single claimants without children. The cap includes other benefits such as child benefit, but is implemented by reducing the amount of UC you get.

The benefit cap does not apply in the following exemptions:

- households where someone gets disability living allowance (or personal independence payment) or industrial injuries benefits, carer's allowance or guardian's allowance;
- those with limited capability for work-related activity;
- those receiving a war disablement pension or war widow's/widower's pension;
- working families (earning at least £520 a month); or
- unemployed after working for at least 12 months (exempt from cap for 9 months).

Standard allowance		Amount for each assessment period
	single claimant aged under 25	£251.77
	single claimant aged 25 or over	£317.82
	joint claimants both aged under 25	£395.20
	joint claimants where either is aged 25 or over	£498.89
LCW and LCWRA elements—		
	limited capability for work (*pre-3 April 2017 claims only*)	£126.11
	limited capability for work-related activity	£318.76
Carer element		£151.89
Child element—		
	first child or qualifying young person (*born before 6 April 2017 only*)	£277.08
	Other child/ qualifying young person (*subject to two child limit*)	£231.67
Additional amount for disabled child/ qualifying young person—		
	lower rate	£126.11
	higher rate	£372.30
Childcare costs element—		85% of actual costs up to:
	maximum monthly amount for one child	£646.35
	maximum monthly amount for two or more children	£1,108.04
Housing costs *(some 18-21 year olds may not qualify for help with rent)*		Variable
Housing cost contribution		£70.06

What is the work allowance?

The ‘work allowance’ is the amount people with children and people with limited capability for work are allowed to earn before universal credit is reduced. The work allowance is £192 a month if you have housing costs included in your award, or £397 if you are not liable for rent. Maximum UC is reduced by 63% of earnings above the work allowance. If you are not eligible for a work allowance, maximum UC is reduced by 63% of any earnings.

What about conditionality and sanctions?

There is extensive conditionality and a tough sanctions regime for universal credit. You must accept a '**claimant commitment'** as a condition of receiving universal credit. You are then placed into one of the four following groups:

No work-related requirements:

- people with limited capability for work-related activity because of ill health or disability – ie, those in the support group for ESA;
- lone parents or the main carer in a couple with a child under one;
- carers with regular and substantial caring responsibilities for a severely disabled person;
- people in work and earning below a set threshold ('in-work conditionality' – see below).

Work-focused interview requirement only:

- lone parents or the main carer in a couple with a child aged one
- lone foster carers or the main carer in a fostering couple, with a foster child under the age of 16
- people who have become the main 'family and friends carer' for a child in the past year

This group are expected to attend periodic interviews to discuss their plans for returning to the labour market.

Work preparation and work-focused interview requirements:

- people with limited capability for work because of health or disability – ie, those in the work-related activity group for ESA;
- lone parents or the main carer in a couple with a child aged two

This group are expected to take reasonable steps to prepare for work, such as attending a skills assessment, improving personal presentation, participating in training or an employment programme, and undertaking work experience or a work placement.

All work-related requirements:

- everyone else - including lone parents and the main carer in a couple with children aged three or over. This group is subject to a work search requirement (including spending a set amount of time each week on making applications and registering with employment agencies) and a work availability requirement (subject to limitations as agreed).

This list is not exhaustive - there are other circumstances that mean you may be included in each group. Each adult in a household is placed into her/his own conditionality group depending on her/his individual situation.

In-work conditionality

If you are doing some work, you may be required to look for more work if you are earning below the minimum wage x 35 hours a week (or less if reduced availability for work has been agreed). This is initially being introduced on a trial basis and you must be notified.

Sanctions

'Higher level sanctions' may be imposed on you if you are subject to all work-related requirements. This includes failure for no good reason to prepare or apply for work, take up an offer of paid work; and ceasing work or losing pay voluntarily or through misconduct. This may result in a reduction of your award, for to a maximum of three years, depending on the number and regularity of such failures. The amount sanctioned is the same as the adult standard allowance, or half of it if one member of a couple is sanctioned. Other sanctions may be imposed if you are subject to work preparation requirements for failure to undertake work-related activity, or in the work-focused interview group for failure to attend an interview. These may be imposed for a period until you meet the compliance condition, or for up to 26 weeks. Hardship payments may be available if you have been subject to sanctions and are, or will be in 'hardship'. Hardship payments are at 60 per cent of the amount reduced, and are recovered in future.

Employed or self-employed earnings

Universal credit uses HMRC's 'real-time information' system to identify earnings when they are paid. If you are paid through PAYE you don't need to report changes in these earnings, but you should check the amount shown.

If you are self-employed and on a low income, you may be assumed to have a certain level of earnings, equal to the minimum wage for the hours you are expected to work. This does not apply during the first twelve months of starting a new business. Self-employed people have to report profits every month.

How do you claim and get paid?

Universal credit is administered by the Department for Work & Pensions (DWP). Couples must make a joint claim. You must normally claim online and subsequent contact must usually also be online, including having access to an online account with details of your award and a facility for reporting changes of circumstances.

Payments are usually monthly, paid directly by the DWP into your account, including amounts for rent. There is provision to pay amounts differently if it appears necessary to protect the interests of you or your family. Certain groups are considered a high priority for budgeting support or alternative payment arrangements.

Short-term advance

You can request an advance within five days of your claim, or following a change of circumstances, of up to 100% of your estimated entitlement. This is discretionary and you must be in financial need. A short-term advance is usually paid back over the next 12 months at up to 15% of your ongoing award.

Budgeting advance
A budgeting advance can be requested to meet an 'intermittent expense' (eg, furniture, household equipment, rent in advance or a deposit). Unless the payment is for work expenses (obtaining or retaining employment), you must have been receiving UC (or IS/JSA/ESA) continuously for at least 6 months. Advances are discretionary, with no right of appeal, and are recovered by deductions of up to 15% of the standard allowance (25% if the claimant has earnings), over 12 months.

Scottish flexibilities
The Scottish Government has some control over payment of UC. In Scotland, claimants have the right to request:

- being paid UC twice a month rather than monthly; *and*
- any UC housing element being paid direct to landlords.

There is no requirement for any special circumstances and the DWP must agree to a request unless it considers it to be unreasonable. These changes came into force from 4 October 2017 for new claimants in full service areas only, and will be available to any claimants in full service areas from 31 January 2018. The twice-monthly payment can only be requested after the end of the first monthly assessment period, so that the next payment at the midpoint of the month will be for half the expected monthly entitlement. If an alternative payment arrangement is in place, this will continue instead of Scottish flexibilities.

Future changes
From February 2018, the seven-day waiting period at the start of a new claim will be scrapped.

From April 2018 new claimants transferring from Housing Benefit will continue to receive their award for the first two weeks of their UC claim.

Is there a right of appeal?
There is a right of appeal to the First-tier Tribunal against decisions concerning entitlement to universal credit and sanctions, as with the current benefits and tax credits system. However, you must first request a mandatory reconsideration before you can appeal.

CHILD POVERTY ACTION GROUP IN SCOTLAND

Advice line for frontline advisers and support workers 0141 552 0552
Monday - Thursday 10am - 4pm; Friday 10am - 12 noon

Email: advice@cpagscotland.org.uk

CPAG in Scotland's advice line is only for frontline workers in Scotland. If you are having problems with your own universal credit claim and are in need of advice you should contact your local Citizens Advice Bureau or other local welfare rights service.

FURTHER INFORMATION

- View our full range of factsheets online at: www.cpag.org.uk/scotland/factsheets
- CPAG publishes the Welfare Benefits and Tax Credits Handbook, a comprehensive guide to benefits and tax credit for claimants and advisers. Find out more at: www.cpag.org.uk/bookshop
- We run a wide range of training courses on benefits and tax credits for workers of different levels of experience. Find out more at: www.cpag.org.uk/scotland/training
- Follow us on Twitter @CPAGScotland

EARLY WARNING SYSTEM

The Early Warning System (EWS) was developed by CPAG in Scotland to collect and analyse case studies about how changes to the benefit system are affecting the wellbeing of children, their families and the communities and services that support them. The case studies are helping us develop an in-depth understanding of the impact of changes to the benefit system and to identify how policies and services in Scotland can continue to contribute to the delivery of better outcomes for children.

Find out more about EWS at: www.cpag.org.uk/scotland/early-warning-system

Department for Work & Pensions

Universal Credit Helpline
Telephone: 0800 328 9344
Textphone: 0800 328 1344
Website: www.gov.uk/universal-credit