



## UNIVERSAL CREDIT – THE ESSENTIALS

Universal Credit is a new benefit for people aged between 16 and 64. It can be paid to people who are out of work and to those who are in employment. It is replacing most of the existing means-tested benefits for people of working age with a single monthly payment. It is administered by the Department for Work and Pensions (DWP) and most people are expected to claim it online.

### WHICH BENEFITS ARE BEING REPLACED BY UNIVERSAL CREDIT?

Universal credit is gradually replacing:

- **Income Support**
- **income-based Jobseeker's Allowance**
- **income-related Employment and Support Allowance**
- **Child Tax Credit**
- **Working Tax Credit**
- **Housing Benefit (except for those in some types of supported accommodation).**

These are known as the 'legacy benefits'. Other benefits such as Carer's Allowance, Child Benefit, Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Council Tax Reduction will remain and can be paid alongside Universal Credit.

### WHO CAN CLAIM UNIVERSAL CREDIT?

You cannot claim Universal Credit if you have three or more dependent children. Apart from this, most people of working age can claim. You can claim regardless of whether you are out of work or in employment. You can claim if you are a job seeker, a carer, or someone who is unfit to work. You must meet certain tests linked to your residence and presence in the UK.

### WHAT AGE MUST I BE TO MAKE A CLAIM?

Usually claimants have to be aged at least 18 but special rules allow some 16/17 year olds to claim, including many disabled 16/17 year olds. Most people in full-time education cannot claim Universal Credit unless they have a dependent child. However, disabled students can claim if they get DLA or PIP and are also assessed as unfit to work. Call our free helpline for detailed advice about claiming for someone in full-time education.



### WHAT ABOUT OTHER MONEY I HAVE?

Universal Credit is a means-tested benefit, which means the amount that you receive depends on your income and what savings or other capital you have.

### WHEN WILL I BE EXPECTED TO CLAIM UNIVERSAL CREDIT?

When Universal Credit was first introduced, you couldn't claim if you were looking after a disabled child, or if you were a disabled adult. However, this is slowly changing and carers and disabled adults can be asked to claim Universal Credit if they live in an area where the Universal Credit 'full service' has been introduced. In a full service area you will be expected to claim Universal Credit if:

- **you have a change of circumstances that means you try and make a new claim for one of the legacy benefits, and**
- **you are not a parent with three or more dependent children.**

For example, Fatima is a single parent with two children who lives in a full service area. She loses her job and tries to claim Income Support. She will be told that because she lives in a full service area she cannot make a new claim for Income Support and must claim

Universal Credit instead. The Universal Credit award she gets will also then replace any tax credits or Housing Benefit that she also currently receives.

As well as parents of disabled children, young disabled adults are also affected by Universal Credit. In a full service area young disabled adults who want to make a new claim for income-related Employment and Support Allowance will need to claim Universal Credit instead.

Other changes that can lead to you having to claim Universal Credit include being on Housing Benefit and moving to a new tenancy in a different council area, or being on tax credits and either separating from a partner, or starting to live with a new partner.

### **WHAT ABOUT FAMILIES WITH THREE OR MORE DEPENDENT CHILDREN?**

On 6 April 2017, the government introduced new rules preventing a family with three or more children from making a new claim for Universal Credit. Instead, families with three or more children can continue to make new claims for legacy benefits even if they live in a full service area. This remains the case until October 2018.

### **UNIVERSAL CREDIT TIMETABLE**


The full service will gradually be rolled out to the rest of the UK between now and December 2018.

#### **England, Scotland and Wales**

Full details of the timetable is available at: [www.gov.uk/government/publications/universal-credit-transition-to-full-service](http://www.gov.uk/government/publications/universal-credit-transition-to-full-service)

#### **Northern Ireland**

Universal Credit is being rolled out between September 2017 and December 2018. For further details see: [www.nidirect.gov.uk/articles/universal-credit](http://www.nidirect.gov.uk/articles/universal-credit)

 To find out whether you live in an area where the Universal Credit full service currently applies, use the postcode checker at [universalcreditinfo.net](http://universalcreditinfo.net)

## **WARNING!**

If you live in a Universal Credit area and have less than three children, there is nothing preventing you from opting to claim Universal Credit. However, this may not be a good idea as many families with a disabled child will be worse off under Universal Credit.

### **WHAT IF YOU DON'T HAVE A CHANGE OF CIRCUMSTANCES?**

For the time being, existing claimants will not be affected so long as they don't try to make a new claim for one of the legacy benefits. This is the case even if they live in a full service area. However, between July 2019 and March 2022 the government intends to move all existing claimants on legacy benefits onto Universal Credit.

### **HOW MUCH UNIVERSAL CREDIT WILL I GET?**

The amount of Universal Credit that you will get depends on your family circumstances and what other income and savings you have. In working out how much you are entitled to, the DWP start by working out the maximum amount of Universal Credit that you can be paid.

Everyone is entitled to a standard allowance, either as a single person or as part of a couple. This is paid at a reduced rate if you (and your partner if you have one) are under 25. Extra amounts are then added into your maximum award depending on your family circumstances, outlined below.

#### **Child elements**

You get an extra amount known as a child element for each dependent child in your family. This may be paid at a higher rate for your eldest child. If you are getting Universal Credit and you have a third or subsequent child born on or after 6 April 2017, you will not receive a child element for that child. There are some exceptions to this 'two child policy'.

#### **Disabled child addition**

You get a further extra amount for each dependent child who is on Disability Living Allowance (DLA), Personal Independence Payment (PIP), or who is registered severely sight impaired. This is paid at a higher rate for children who are on the enhanced rate of PIP daily living component, the highest rate of DLA care component, or who are registered severely sight impaired.

#### **Carer element**

This is paid if you are eligible for Carer's Allowance, or if the only thing that stops you from qualifying for Carer's Allowance is that your earnings are too high. You do not actually have to have claimed Carer's Allowance – it is sufficient that you meet the normal Carer's Allowance rules, other than the earnings limit.

If you think you may be eligible for a carer element, inform the DWP via your online Universal Credit account. Where you and your partner care for different people you may be able to get two carer elements.

Your circumstances	Lower work allowance – paid if your Universal Credit includes a housing element	Higher work allowance – if your Universal Credit doesn't include a housing element
You are responsible for at least one dependent child, or you or a partner have a limited capability for work due to illness or disability	£198 per month	£409 per month
Everyone else – for example, those without children and who aren't incapable of work	nil	nil

If the person you look after lives independently then you getting a carer element could affect their benefits. Seek further advice from our helpline.

### Limited capability for work elements

If you or a partner are unfit to work because of health problems you can receive an extra element. This is paid at one of two rates – a **limited capability for work element** for the less severely disabled and a **limited capability for work and work-related activity element** for the more severely disabled. However, the government has scrapped the limited capability for work element for most new claims made after April 2017. The same person cannot qualify for both a capability for work element and a carer element. If this applies to you, you will only get the higher of the two amounts.

### Childcare element

If you are working and pay for registered childcare costs it is possible to receive an extra allowance covering 85% of your childcare costs. To qualify you (and your partner if you have one) must normally work. Any number of hours work will do. You may also qualify if you work and your partner is either incapable of work or is eligible for Carer's Allowance. The maximum amount of childcare that Universal Credit takes into account is capped at £760.42 per month for one child and £1,303.57 for two or more children.

### Housing element

Includes help towards rent and some service charges. Out-of-work claimants with a mortgage can also get help towards the interest on their mortgage (or other loans secured on their property) after a waiting period. However this help with your mortgage is treated as a loan that must be repaid to the DWP when your property is eventually sold or transferred. Owner-occupiers who work cannot get help with their mortgage but may qualify for a more generous work allowance instead (see table above).

### HOW DOES MY INCOME AND CAPITAL AFFECT UNIVERSAL CREDIT?

Once your maximum amount of universal credit has been calculated, the DWP then work out how much to deduct due to earnings or the other income you already have.

### HOW DOES WORKING AFFECT UNIVERSAL CREDIT?

There are no rules about how many hours you can work. Instead the amount of Universal Credit you receive is gradually reduced as you earn more. If you have a dependent child or you are a disabled person then an initial amount of earnings – known as your 'work allowance' – is ignored. Your Universal Credit payments are reduced by 63p for every £1 you earn above your work allowance.

The amount of your work allowance depends on your circumstances – see the table above.

Some self-employed people will be assumed to have a minimum amount of earnings, equal to the minimum wage for the number of hours they say they are working. However, this does not apply to anyone who is in the 'no work-related requirements' group (see page 4) including many full time carers. It also doesn't apply during the first 12 months of starting a new business.

### HOW DOES OTHER INCOME OR CAPITAL AFFECT UNIVERSAL CREDIT?

Unearned income is also deducted from your Universal Credit award. £1 will be deducted from your Universal Credit for every £1 of unearned income you have. However, some unearned income is ignored. This includes DLA, PIP and child support maintenance.

You normally cannot be paid any Universal Credit if your capital is above £16,000 (unless you are transitionally protected – see page 6). If your capital is between £6,000 and £16,000 you will be treated as having £4.35 per month income for every part of £250 you have above £6,000.

Once the DWP have deducted any earnings or other income from your Universal Credit calculation, the amount remaining is what you should be paid in Universal Credit.

Some claimants may find that the amount they get is reduced due to the household benefit cap. However, others are exempt from the benefit cap, including if you have a child on DLA or PIP or you are entitled to the carer element in your Universal Credit award.

## **CHANGES IN CIRCUMSTANCES**

You are expected to notify the DWP of any changes in your circumstances and there is a penalty of £50 if you fail to do so without good cause. Your Universal Credit award is based on your circumstances and income over an assessment period of one month. The date of your assessment period depends on when you first claimed Universal Credit. For example if your date of claim was 9 March, your assessment period runs from the ninth of each month until the eighth of the following month.

### **Do I have to tell the DWP about a change?**

Employed workers don't normally need to tell the DWP about changes in earnings. This is because your monthly earnings should automatically be notified to the DWP via HMRCs 'real-time information' system. However, if you are self-employed you will need to report your profits every month.

### **When will any change of circumstances affect my claim?**

If you have a change that means you qualify for lower Universal Credit payments that change is always treated as if it happened at the start of your monthly assessment period. If you have a change that means your Universal Credit award increases, then that too can be treated as if it happened at the start of the month – but only if you tell the DWP about it before the end of your assessment period.

For example, Ruth has a monthly assessment period that runs from the fifth of the month. Her second child is born on the 12 August. Ruth tells the DWP straightaway and the increased payments for her new baby are backdated to 5 August. On 20 September Ruth moves from her private flat to a cheaper housing association property. Because her rent is lower, her Universal Credit payments towards rent will drop. These lower payments start from the beginning of her assessment period on 5 September.

## **HOW DO I CLAIM UNIVERSAL CREDIT?**

Universal Credit is claimed from the Department for Work and Pensions (DWP). Claims normally have to be made online although there are some exceptions when a claim over the phone will be allowed, for instance because you have problems with reading or writing or are unable to use a computer. Call **0800 328 5644** if you cannot claim online.

### **To claim online**

You'll first need to set up an online Universal Credit account at [www.gov.uk/apply-universal-credit](http://www.gov.uk/apply-universal-credit).

Once your online account has been set up you can then use it to complete your claim. If you are part of a couple you and your partner must each create your own individual online accounts which you then link together to make a joint claim.

The online claim asks you a number of different questions about your circumstances. You'll be able to check and amend your answers before submitting your claim online. You will then be asked to verify your identity using the GOV.UK's 'verify service' before booking an interview at your local job centre. If you are a couple you will be interviewed separately.

### **Providing evidence to support your claim**

At the interview you'll be asked to take evidence with you to support your claim. You'll also be asked to agree to a number of conditions in order to get Universal Credit. These conditions will be set out in a document called your 'claimant commitment' (see below). You will have to agree to these conditions otherwise your claim may be closed.

### **Once a decision is made on your claim**

Jobcentre Plus will send you an email or a text asking you to check your online account. There you'll find a copy of the decision including a breakdown of how your Universal Credit award has been calculated.

## **WHAT IS THE CLAIMANT COMMITMENT?**

This is an agreement that sets out what you have to do in order to get Universal Credit. If you claim as part of a couple, both you and your partner must each agree to an individual 'claimant commitment'.

Different claimants will have different conditions attached to their claim. Some claimants will be expected to look for work. This can include workers on low earnings who may have to agree to either increase their hours of work or to look for better paid work. Other claimants may be expected to take steps to make

themselves more work ready. These are known as ‘work-related requirements’. However, other groups, including many carers, will be exempt from having any work related requirements.

Your claimant commitment will vary depending on which of four groups you are placed in. Your circumstances will determine which group applies to you.

### **No work-related requirements**

People in this group are exempt from having to take any steps to look for work. This group includes the parent who has the main responsibility for a child aged under one, severely disabled people and many full time carers for disabled people.

### **Work-focused interview only**

People in this group are not expected to look for work but they are asked to attend periodic interviews to find out about employment and training opportunities in their area. This group includes the parent who has the main responsibility for a child aged under one or two and some foster parents.

### **Work preparation**

People in this group are not expected to look for work but they are expected to take steps to help prepare them for moving into work. For instance, to take part in training courses or undertake work experience. It includes people with less severe disabilities and the parent who has the main responsibility for a child aged three or four.

### **All work-related requirements**

People in this group are deemed fit and ready for work and are expected to actively look for work.

Remember, to get Universal Credit you may have to meet certain conditions as stated in your claimant commitment. If you fail to meet these conditions then your benefit payments are likely to be ‘sanctioned’ (cut for a period). If you’re not sure about what conditions should apply to you, seek urgent advice from our freephone helpline or an independent adviser in your area. You should also seek urgent advice if you have been sanctioned.

### **WILL I BE EXPECTED TO LOOK FOR WORK IF I CARE FOR A DISABLED CHILD?**

Many full-time carers on Universal Credit are exempt from having to meet any work-related requirements. This includes most carers who are providing 35 hours or more care per week to someone on the daily living component of PIP or the care component of DLA at the middle or highest rate. If this applies to you, you’ll still

need to sign a claimant commitment, but this document shouldn’t include any requirement that you look for work or training. Instead, the claimant commitment will only cover things like your responsibilities to notify the DWP of any changes in your circumstances.

### **Couples who provide full time care**

There may be complications if you are a couple who both care full-time for the same disabled child. Unfortunately, only one of you will automatically be placed in the no work-related conditions group. The other partner will usually be expected to look for some work. However, DWP staff have the discretion to exempt them from this, if they believe that your child’s needs are such that it would be unreasonable to expect your partner to look for any work. Contact our helpline if this applies to you.

If you are a couple with more than one disabled child, then both you and your partner can be automatically exempt from any work related conditions on the basis that you each care for a different child.

### **WAITING FOR A DLA/PIP DECISION**

If you are caring for someone who does not get PIP or DLA at the appropriate rates then you are likely to have to look for work as a condition of getting Universal Credit. Unfortunately, this includes where you are looking after someone who is awaiting a decision on their DLA or PIP claim. However, you may be able to place some restrictions on the amount of work that you need to look for – seek advice.

### **HOW IS UNIVERSAL CREDIT PAID?**

Universal Credit is paid monthly, in arrears, and it usually takes at least five or six weeks to get your first Universal Credit payment. If this delay causes you hardship it is possible to ask for a short-term benefit advance. This is a discretionary loan that needs to be repaid from your future award.

Although Universal Credit is made up of separate elements it is usually paid as one single monthly payment. Help towards your rent is usually paid to you directly and not your landlord, so you will need to make sure your rent is paid.

### **If you struggle to manage single monthly payments**

You can ask the DWP for ‘alternative payment arrangements’. For example you may want more regular payments, rent payments made directly to your landlord, or for payments to be split between you and your partner. You can ask the DWP to consider this but your chances of them agreeing will depend on your

circumstances. Guidance suggests some groups will be given higher priority for alternative payments, such as if you have severe debt problems, mental health needs, or are a family with multiple and complex needs.


The Scottish Government and Northern Irish Assembly have said they will use their powers to routinely make fortnightly Universal Credit payments, and to also allow greater flexibility in who payments are made to.

## WILL I BE WORSE OFF ON UNIVERSAL CREDIT?

The Government says that many working families will be better off under Universal Credit. However, this is now less likely as a result of cuts to Universal Credit that have made the benefit less generous. Contact are concerned that many families will be worse off under Universal Credit, and that families with disabled children are one of the groups most likely to lose out.

You are at particular risk of being worse off under Universal Credit if you are an out-of-work family and you have a disabled child who does not qualify for the higher disabled child addition.

This is because the lower rate of the disabled child addition is equivalent to £29.10 per week. Given that the equivalent additional payment under the existing benefits system is £62.98 per week, this represents a cut of £33.88 per week or just over £1,750 per year. Since the child disability addition is paid for each disabled child, those families with two children on the lower addition could lose twice this amount.

 Our briefing, *Universal Credit and disabled children* has more information about why many families with disabled children are likely to be worse off.

## TRANSITIONAL PROTECTION

Some future claimants who are worse off under Universal Credit will be 'transitionally protected'. Transitional protection means that if you would get less money under Universal Credit than you do on your current benefits, you receive a top-up payment so that you do not lose out. This top-up payment will be frozen so you will be gradually worse off over time as this payment is eroded by inflation. Certain changes of circumstance will bring transitional protection to an end.

However, transitional protection will only be given to existing claimants who have no changes in circumstance and who are moved onto Universal Credit by the government as part of their programme of 'managed migration', scheduled for 2019-2022.

If you are someone who has to claim Universal Credit because you have had a change of circumstance and tried to claim one of the legacy benefits being replaced, you will not get any transitional protection. This means that families in the full service areas, who claim Universal Credit between now and July 2019 will NOT be transitionally protected.

### HOW CONTACT CAN HELP

It's important that families caring for a disabled child seek advice about Universal Credit, because how it affects your family will depend on your individual circumstances. Call our freephone helpline and talk to one of our expert advisers:

**0808 808 3555** [helpline@contact.org.uk](mailto:helpline@contact.org.uk)

You can also visit our website to find out more about the help, support and information we offer about Universal Credit, and other benefits you could be entitled to:

[www.contact.org.uk](http://www.contact.org.uk)



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