

A GUIDE TO: *UNIVERSAL CREDIT* **MAIN FEATURES**

- To replace the following *means-tested* benefits for **working age** claimants:
 - o Income Support;
 - o Employment and Support Allowance [income-related only];
 - o Jobseekers Allowance [income-based only];
 - o Working Tax Credit;
 - o Housing Benefit;
 - o Child Tax Credit.

Referred to as '**legacy benefits**'. All other benefits to continue as before, including the contributory versions of the above benefits.

- Universal Credit directly affects working age claimants only; it may have an indirect effect on pensioner claimants due to the abolition of Housing Benefit (rent rebates) and Child Tax Credit, but details are to be announced.
- **TIMETABLE OF IMPLEMENTATION:** Universal Credit (UC) is not being introduced in one go. It was trialled in certain areas, locally that was Rugby. There is only one group who all claim UC across the country - jobseekers with no dependents, called GATEWAY UC.

From 2016 FULL SERVICE (i.e. all claimants) is being introduced, area by area.

From May 2016 those covered by Rugby Jobcentre will be affected; from December 2016 those living in the postcode areas covered by Stratford upon Avon Jobcentre are affected (CV35 0 & CV35 9; CV36; CV37 0, CV37 1, CV37 6, CV37 7, CV37 8 & CV37 9. B95 6 & B95 8).

The rest of our area will become a FULL SERVICE area at the following times: Nuneaton & Bedworth (Oct 2017) Coventry (April 2018) North Warwickshire (May 2018) and Warwick District (June 2018).

- These areas conform to the postcode areas covered by Jobcentre Plus offices, NOT the District Council boundaries. For those unsure whether they are now under Full Service UC, go online at [.gov.uk](http://gov.uk);
- UC must now be claimed instead of the *legacy benefits* listed above. In addition any **current** legacy benefit claimants who see a *change of circumstance* are likely to have to now claim UC instead. It is not clear what constitutes a *change of circumstance* and so those who feel they may be adversely affected should seek advice before taking any further action
- **Payment will be in a *single* payment (including the rent element)**
and **paid monthly**
and **in arrears**

In exceptional circumstances **alternative payments** can be made, and '**budgeting support**' accessed. The intention is that any alternative payment arrangements will be temporary, to assist with the transition to the new system.

Alternative payments could include paying the rent element direct to the landlord, bi-monthly payments of UC and splitting payments between partners in a joint couples claim. These must be specifically requested, and may not be permanent, treated only as a temporary arrangement until you are able to be paid 'normally'.

Contact your Local Welfare Scheme, your local Citizens Advice (details below), or Local Authority for advice/assistance with budgeting support or contact www.moneyadvice.org.uk on how to create a budget. If you are a housing association tenant contact your local housing officer as they may be able to assist.

- Universal Credit will remain a **means-tested** benefit with many of the same features (capital and income) as current benefits, so:

- o Upper Capital limit of £16,000. 'Capital' is assets plus savings.
- o Lower capital disregard of £6,000
 - *Tariff income* applies to capital between £16,000 and £6,000 (see our leaflet *Pb6 Tariff Income for more detail*).

- o Capital under £6,000 ignored.
- o Couples income and capital is 'aggregated' i.e. added together.

Certain benefits count as earnings, e.g. SSP, Statutory Maternity Pay

- o There is no hourly limit for work
- o The amount you get will depend on the same principle of income-v-'needs' (or *maximum amount*) comparison as for legacy benefits.
- o Earnings are calculated in a different way.

- Net earnings will be reduced by a fixed disregard, called a 'work allowance' and should allow claimants to more easily take on extra hours, and more gently float off benefit. However, some of these have been reduced or abolished, so that, for example, they are less than the current 'permitted work' earnings disregard.

Once the work allowance is deducted, a 65% taper (63% from April 2017) will be applied. This new net earnings figure is then added to other assessable income, and then set against the maximum amount.

- o The *Maximum Amount* will include a *standard allowance* (single or joint rate, less if aged under 25) plus extra *elements* for the following:
 - dependent children;
 - disabled child (two levels);
 - limited capability for work (two levels, reducing to a single rate with limited access for new claims from April 2017);

- carers;
- child care costs;
- certain housing costs, including rent and mortgage interest.

Universal Credit will **not** include any specific elements to meet the extra costs of disability (unlike the benefits it replaces).

- o Some Universal Credit claimants will be 'passported' to a range of other benefits such as free school meals, health benefits etc. There will be an additional income threshold to identify those who are passported.
- As Universal Credit will cover all types of working age claimants there will be a range of additional '**conditionality**' rules to reflect the need to be available for, and actively seeking work. Thus jobseekers will have more requirements to meet, carers and lone parents of new babies a lot less.
 - However parents with very young children will be required to be taking steps to be 'job ready' much earlier than with legacy benefits, and
 - Some claimants will now be subject to a work requirement that were not under legacy benefits, such as those who are currently only on housing benefit or Child Tax Credit.
- Sanctions and penalties will apply if you fail to meet requirements, similar to the legacy benefits approach
- **Budgeting Advances** (loans) are available for 'intermittent expenses, once been on UC for 6 months, with earnings, capital and payment thresholds
- **CLAIMS AND COMMUNICATION**
 Claims must be made on-line. There will be no paper claims. You can access the internet at the Jobcentre; if you need one-to-one support call 0345 600 0723 (textphone 0345 600 0743). As these calls are not free ask them to call you back. The DWP adviser can then complete the online form on your behalf. You will have your own online account which the DWP will use to contact you and which you must use to communicate with the DWP from then on, e.g. to notify them of a change of circumstances.
 - For sources of help getting online, try <https://www.onlinecentresnetwork.org/ournetwork>

It will take up to 7 weeks from your initial date of claim before you receive your first payment. You can claim a '**short term benefit advance**' in the meantime, but you must request it (at Jobcentre, telephone or on-line), demonstrate 'financial need' and it must be paid back.

- An overall **BENEFITS CAP** will apply if your total benefits exceed a fixed amount. The cap, currently applied to Housing Benefit, will apply to Universal Credit for both those in rented accommodation and owner-occupiers.
- Many, but not all transferring from the current benefit system who were better off under a legacy benefit may see their benefit level transitionally 'protected' for a period of time, i.e. frozen at the higher rate until Universal Credit rates catch up in the normal annual uprating process.

- **KNOCK-ON EFFECT ON PENSION AGE BENEFITS: PENSION CREDIT.**

Once UC is in place there will be three main effects on Pension Credit:

- a. Mixed age couples (one under- and one over-pension age) will have to claim UC, not the more favourable Pension Credit;
- b. As Housing Benefit is to be abolished, pensioners wanting to claim help with the rent will have to claim a rent element of Pension Credit;
- c. As Child Tax Credit is going, any pensioner wanting to claim for a dependent (grand)child will have to claim a child element of Pension Credit

The details and start dates of these have yet to be confirmed.

ADVICE & ASSISTANCE

LOCAL WELFARE SCHEME

The Government have given funds to each Local Authority to assist people on low incomes. The number to call is 0800 408 1448, or 01926 414124, or e-mail warwickshirelocalwelfarescheme@warwickshire.gov.uk . They can also direct you to where other assistance is available, e.g. credit unions.

CITIZENS ADVICE

Rugby

1st Floor, Chestnut House
North Street
Rugby, CV21 2AQ

North Warwickshire

The Parish Rooms
Welcome Street
Atherstone, CV9 1DU

Bedworth & Nuneaton

(Covers Nuneaton & Bedworth)
Old Market Tavern
25 Congreve Walk
Bedworth, CV12 8LX
(To book appt in Nuneaton
call 024 7635 1049)

Warwick District

10 Hamilton Terrace
Leamington Spa, CV32 4LY

Stratford-upon-Avon

25 Meer Street
Stratford-upon-Avon, CV37 6QB

Switchboard number for ALL CAs: 0344 855 2322

For **Carers** Advice, Information and Support

Warwickshire Carer Wellbeing Service

9 Lawford Road, Rugby, CV21 2DZ

Tel: (024) 7610 100

e-mail: carerssupport@carerstrusthofs.org.uk

www.carerstrusthofs.org.uk

For those **AGED 55+** there is Age UK (details online/in telephone book)

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