**Universal Credit - FAQS**

**What is Universal Credit?**

Universal Credit is intended to streamline and simplify the benefits system and is the biggest change in the welfare system in a generation.

The main differences between Universal Credit (UC) and the current welfare system are:

* UC will be available to people who are in work and on a low income, as well as to those who are out of work.
* Most people will apply online and manage their claim through an online account (digital by default). Thereafter claimants will be expected to deal with Job Centre Plus by telephone via the Service Centre.
* UC will be responsive, as people on low incomes move in and out of work; they’ll get ongoing support – giving people more incentive to work for any period of time that is available.
* Most claimants on low incomes will remain on UC when they first start a new job or increase their part-time hours.
* Claimants will receive just one monthly payment in arrears, paid into a bank account in the same way as a monthly salary
* Support with housing costs will go direct to the claimant as part of their monthly payment
* Local Authorities will not be responsible for the administration of housing costs support

**When will this start?**

* The national roll-out has begun and in Tower Hamlets it will start on 2nd March 2015.
* Tower Hamlets is one of six London boroughs in tranche one along with Barnet, Brent, Hounslow, Wandsworth and Hammersmith & Fulham.

**Who will this affect?**

At this stage of the roll out, it will affect new single claimants of out-of-work benefits, including those eligible for housing benefit.

It will not apply to:

* Carers, couples, or anyone with dependent children.
* People making a claim for Employment and Support Allowance or anyone appealing a decision, or in the mandatory reconsideration period.
* People who have left the UK for a continuous period of more than four weeks in the last two years (habitual resident test).
* People who don’t have a current account with a bank, Post Office or credit union.
* People who are homeless or living in supported or temporary accommodation.

**What are the key issues and implications for the Council and local partners?**

The roll-out of Universal Credit in Tower Hamlets raises a number of issues which the council and local partners need to consider and address, such as:

* Digital by default – English language and literacy skills for vulnerable residents making online claims. As the scheme will be administered digitally by default, there will be very limited customer facing contact. Consequently the rollout of Universal Credit will impact on local councils and LA commissioned services.
* Preparing residents for budgeting and managing crisis with direct monthly payments in arrears.
* Payment of housing costs by DWP.
* Clarity and processes for requesting Alternative Payment Arrangements.
* Effective data sharing between DWP, council, landlords and other partners.
* Waiting for payments - inevitably, this will lead to increasing debt and rent arrears, particularly in vulnerable households.
* Staff training and awareness.
* Funding for local support services to assist with managing and maintaining claims.

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