**Simple Guide to Universal Credit**

**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 paid to people of working age who are in work on a low income, as well as to those who are out of work.
* Most people will apply online and have their initial verification and interview with a work coach at their local Job Centre office. Thereafter claimants will be expected to deal with the national UC Service Centre by telephone
* Most claimants on low incomes will remain on UC when they first start a new job or increase their part-time hours. UC is meant to be responsive, as people on low incomes move in and out of work, they should continue to get ongoing UC support – giving people more incentive to work for any period of time that is available.
* 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
* The DWP not local Authorities will be responsible for the administration of UC housing costs support

**When will this start In Tower Hamlets?**

* The national roll out for ‘single’ claimant began in 2013 and is gradually being introduced on a postcode basis for new claimants. However only some new claimants are in new system (those who meet **gateway conditions-** which vary by postcode).
* In Tower Hamlets the first tranche for new single claimants in EI , E14 and E3 postcodes will start on 2nd March 2015 . The gateway conditions, as detailed below, include being a single British citizen with no dependents and an upper age limit of 60 years and 6 months
* Tower Hamlets is one of six London boroughs in the first tranche along with Barnet, Brent, Hounslow, Wandsworth and Hammersmith & Fulham.

**Who will this affect? - UC Gateway conditions**

At this stage of the roll out, it will only affect new single claimants , who would normally have applied for JSA , including those eligible for housing costs . In the initial roll out in Tower Hamlets **it will not apply to**:

* *Residents in E2 postcode (as they are in Hackney JCP district )*
* *Couples or people with dependent children . who are excluded from the UC ‘single’ claimant gateway for national roll out*
* *Anyone awaiting a decision on a claim for ESA, JSA, IS, Child Tax Credit (CTC), Working Tax Credit (WTC) or Housing Benefit (HB).*
* *Anyone awaiting the outcome of an application to revise a decision of non-entitlement to ESA, old rules JSA, IS and HB. or in the mandatory reconsideration period.*
* *Anyone appealing or awaiting a decision outcome of an appeal against non-entitlement to old rules ESA, old rules JSA and IS. anyone,*
* *Anyone receiving Disability Living Allowance (DLA), or Personal Independence Payment (PIP)* or *Employment and Support Allowance (ESA)*
* Anyone who has left the UK for a continuous period of more than four weeks in the last two years (habitual resident test).
* Anyone who doesn’t have a current account with a bank, Post Office or credit union.
* Anyone who is homeless or living in supported or temporary accommodation.
* Anyone who owns or partially owns the home they live in
* *Anyone who is self employed or whose declared earned income for the first month of the UC claim is expected to exceed £330*
* Anyone in education or training or expecting to start a course in the next month.
* Anyone who is pregnant or has caring responsibilities

**However once a claimant is in receipt of Universal Credit they will always be a Universal Credit claimant regardless of their change in circumstance, for example if they have a partner or have children or change address**

**UC Payments and Assessment period**

UC is calculated and paid on a monthly basis in arrears . Each one month period over which they calculate and pay UC is known as an assessment period.. UC payments are normally made within seven days of the end of an assessment period

**Universal Credit - short-term benefit advance (new claim or CoC)**

* The UC short-term benefit advance for (new claims) and (change of circumstances) will be available to claimant’s who are:
* in receipt of or who have an underlying entitlement to Universal Credit based on the information they have provided
* in financial need – there must be a serious risk to the health or safety of the claimant, partner or any child/young person they are responsible for. They must have no access to personal resources (including cash and capital).
* can afford to repay the Advance over the next 6 months.
* More than one advance can be made on a New Claim as long as the total amount doesnmant, partner or any child/young person they are responsible for. They must have no access to personal resources (including cash and capita
* The maximum advance is:
* 50% of the total indicative monthly award before the claimanthe total amo
* 50% of the additional increase in the award if there is a change of circumstances that increases the award or
* 100% where the pay day has passed
* The recovery period will be 6 months starting from the first benefit payment except for those Advances made at the due date for payment of the UC, in which case recovery is made immediately from arrears.
* In exceptional circumstances the repayment period can be deferred for 3 months. This is expected to be when recovery takes place not before the advance has been agreed.

A budgeting advance payment or loan can also be applied for to cover expenses that aren’t regular, for example, a one off item, an unforeseen expense or expenses in an emergency

**Alternative Payment Arrangement (APA )**

* These will be available to help claimants who need additional support with paying the UC housing cost directly to landlords or having fortnightly rather than monthly payments or splitting payment of an award between partners
* When deciding whether an Alternative Payment Arrangement is appropriate the Universal Credit Decision Maker will consider all the evidence and financial factors. The following list, which is not exhaustive, indicates the circumstances that will be considered when determining if an APA is appropriate.
* Does the claimant:
* have drug / alcohol issues or have other addiction problems for example gambling
* have learning difficulties including problems with literacy and/or numeracy
* have severe / multiple debt problems
* be homeless
* have domestic violence / abuse issues
* have current rent arrears / threat of eviction / repossession

**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 in terms of impact on residents, pressures on local support services and the financial impact of increased rent arrears which, evidence suggests, have increased in UC pilot areas. The key issues that Tower Hamlets Welfare Reform Task Group is currently considering are:

* Digital by default – English language and literacy skills for vulnerable residents making online claims. As the UC claim is an online process and notification of changes in circumstances is via a national call centre , there will be very limited customer facing contact. Consequently the rollout of Universal Credit may impact on local councils and other partner services in terms of demand for support to get online.
* 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.
* Funding for local support services to assist with managing and maintaining claims.
* Organising staff training and information briefings

**Local Delivery Partnership Arrangement (DPA)**

The DWP are currently in discussions with the Council regarding local arrangements for rolling-out Universal Credit and exploring the partnership working and funding that will be required to meet the additional burdens. It is envisaged that this will be set out in Delivery Partnership Agreement (DPA) between JCP and the local authority.

The DPA is based on a national model which estimates that around 5 - 10% of claimants will require assistance with digital support or with personal budgeting support. The local authority are requesting that any significant additional burdens on organisations are recognized and funded accordingly.

Communications: As the numbers of claimants affected are expected to be less than 300 a month initially the proposals are for targeted awareness raising in the run-up to roll-out, focused on frontline staff and organizations supporting vulnerable groups. Including local advice agencies . The Welfare Reform Task Group wil receive regular updates regarding progress and the impact of the roll out , with updates on any developments, processes and protocols

**What other support and assistance is being explored for residents?**

* *Digital inclusion:* A commitment to working with local partners to ensure sufficient support and facilities available to enable all residents to make online claims. This includes access to PCs and triage to appropriate skills support – with some initial support some people will be able to manage online system, others will need longer-term and more intensive support.
* *Financial inclusion (personal budgeting support):* Working together to ensure sufficient financial inclusion and personal budgeting support capacity across borough.
* *Identifying vulnerable claimants*: Need to have robust triage and referral processes in place, directing clients to appropriate support.
* *Alternative Payment Arrangements: Need to clarify*  process between JCP, the council and landlords for requesting appropriate exemptions from monthly payments and Alternative Payment Arrangements (APAs).
* *Data sharing protocols: Need to put* in place robust data sharing protocols between JCP, LBTH , social housing landlords and relevant third sector groups This will enable local partners to identify early and support residents at risk of falling into arrears or financial hardship.
* *Short Term Benefit Advance and hardship payments:* Ensure JCP staff, and other agencies are aware of provision of and eligibility for Short Term Benefits Advances and hardship payments and that clients of advised of potential entitlement to these.
* *Review Process:* Ongoing review including feedback from advice agencies through the Welfare Reform Task group . Need to ensure processes in place for escalating questions and concerns so we can work together to address them, and escalate to the national Universal Credit Programme team as appropriate.

**Further information**:

[www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)

[www.gov.uk/universal-credit-toolkit-for-partner-organisations](http://www.gov.uk/universal-credit-toolkit-for-partner-organisations)

[www.gov.uk/universal-credit-toolkit-for-partner-organisations#the-claimant-commitment](http://www.gov.uk/universal-credit-toolkit-for-partner-organisations#the-claimant-commitment)

Operating Guidance for Personal Budgeting Support & Alternative Payment Arrangements
[www.gov.uk/government/uploads/system/uploads/attachment\_data/file/181400/personal-budgeting-support-guidance.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181400/personal-budgeting-support-guidance.pdf)

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

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