**Guide to Universal Credit**

**www.thcan.org.uk**

**Implementation of Universal Credit in Tower Hamlets**

* EI , E14 and E3 postcodes - all new benefit claimants and those who have a relevant change in circumstances now claim Universal Credit rather than legacy (old) benefits, working/child tax credit, income support, income related job seekers allowance, income based employment support allowance.
* E2 area of Tower Hamlets has not yet been transferred to universal credit and claimants in this area will remain under the old benefit system and remain on the benefits listed above.
* Check if you are in a UC area by using the DWP’s postcode checker (link below)

**Who can claim universal credit?**

• 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.

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 are already getting legacy benefits you can continue to claim. However, a change of circumstances mean they 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. NOTE if you are appealing against the decision you CAN remain on ESA
* 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. There will be transitional protection in the form of additional payments, although this is likely to be frozen and may be lost when circumstances 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 (support group) component
* 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);

* unemployed after working for at least 12 months (exempt from cap for 9 months).

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| 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  |

Main issues and differences between Universal Credit (UC) and the current welfare system:

* UC is paid to people of working age who are in work on a low income, as well as to those who are out of work.
* Claimants apply online then have an 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 or by making notes on their on line journals
* 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
* Claimants who eligible for housing costs under the legacy benefits do not have to be available for work, under UC they may have to be
* Claimants with 3 or more children will also remain under the old benefit system
* 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

**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

**Short-term benefit advance, new claim or Change of Circumstances**

* 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 or 12 months.
* The recovery period will be 6 or 12 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.
* Recovery rate is either 15% of standard allowance in you have no earned income, 25% if you have an earned income
* 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.

**Budgeting advance payment**

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

**Further information**:

Government information and claims [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)

Tower Hamlets Advice Agencies [www.thcan.org.uk](http://www.thcan.org.uk)

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

Factsheet [www.cpag.org.uk/sites/default/files/CPAG-scot-factsheet-UC-Jan18.pdf](http://www.cpag.org.uk/sites/default/files/CPAG-scot-factsheet-UC-Jan18.pdf)

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