

# Universal Credit

Universal Credit is a means-tested benefit that provides help to most working age people who do not have enough money to live on.



Universal Credit replaces several current benefits and tax credits with one monthly payment and is paid to people both in and out of work.

Initially this will affect only new claims, so you don't need to do anything unless:

- your circumstances change, or
- the Department for Work and Pensions (DWP) contacts you when they begin transferring claimants over to UC from the old benefits it replaces.

## Universal Credit in County Durham

Although some people have already been moved to Universal Credit, this has only applied to a small amount of claimants. However, from October 2017 Universal Credit is being rolled out across County Durham from the dates shown below and will affect a significant number of households.

Jobcentre	Full service date
Peterlee Seaham	18 October 2017
Bishop Auckland Consett Crook Stanley	13 December 2017
Chester-le-Street Durham Newton Aycliffe Spennymoor	20 June 2018

From these dates most working age people will not be able to make a new claim for old means-tested benefits or tax credits but can claim universal credit instead.

Existing claimants will gradually be moved over to Universal Credit starting at a later date.

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## What benefits will Universal Credit replace?

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Universal Credit will replace the following benefits:

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Working Tax Credit
- Child Tax Credit.

Council Tax Reduction is not included in Universal Credit. To make a claim for this, visit our website at [www.durham.gov.uk](http://www.durham.gov.uk) or contact our Customer Services team on 03000 260000

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## Who will qualify?

Universal Credit will be available to working age people who are in full-time work or part-time work, who are unemployed, sick or disabled, carers, single, lone parents and couples.

You can claim Universal Credit if you are an owner-occupier, a tenant, or if you live in someone else's household.

The minimum age of entitlement is usually 18 years old. In limited circumstances 16 and 17 year olds will be able to claim, for example, if they are a carer or without parental support.

**To qualify you will have to be present and resident in the country and have less than £16,000 in savings.**

If you have three or more children you cannot make a new claim for Universal Credit unless you are reclaiming it within six months of an earlier claim, or if you are making a new claim as a single parent within one month of a previous claim as a couple ending.

If you do not fall into these groups you will be able to claim Child Tax Credit and Housing Benefit instead.

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## The 'claimant commitment'

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To be entitled to Universal Credit you must make a claimant commitment. The key part of this commitment is about 'work-related requirements'.

There are four different types of commitment:

- you have no work-related requirements placed upon you
- you must attend work-focused interviews
- you must undertake 'work preparation' (can include work placements)
- you must satisfy all work-related requirements - you will be required to look for and be available for full-time work.

Which commitment applies to you depends on your circumstances. For example, lone parents with children under one, and carers of severely disabled people, have the first claimant commitment (no work-related requirements). Lone parents with children aged between one and two must attend work-focused interviews.

If you fail to keep to your claimant commitment you will be sanctioned. This means your benefit will be reduced or stopped altogether.

There is a complex system of sanctions. Some reduce your allowance until you satisfy your commitment again. Some reduce or remove your allowance altogether for a fixed period.

The maximum sanction can remove all of a single person's standard allowance and leave them with nothing, and can last for up to three years.

If you are sanctioned you will have a right of appeal against the decision. You may also be entitled to a hardship payment.

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# How much is Universal Credit?

## A

Universal Credit is made up of several elements. The calculation works by comparing all the elements you are entitled to with the amount of income you have. This is worked out on a monthly basis.

Your maximum Universal Credit will be paid if you have no countable income. As your income goes up, generally the amount of Universal Credit you are entitled to will reduce (although certain types of income are ignored, either wholly or partially. (See what income is taken into account on [page 8](#)).

### Standard allowance

This is paid at four different rates:

- single people aged under 25
- single people aged 25 or over
- couples where both members are aged under 25
- couples where one or both members are aged 25 or over.

### Child element

One child element will be paid for each child in the household for whom the claimant or their partner is responsible. If a child is disabled, a disabled child addition can be added to the basic child element. This addition is payable at two different rates.

The lower rate will be paid if the child is entitled to Disability Living Allowance (DLA) or Personal Independence Payment (PIP).

The higher rate will be paid if the child is entitled to the highest rate of the DLA care component, the enhanced rate of the PIP daily living component, or is registered as blind.

If you have a third or subsequent child born on or after 6 April 2017, you will not be able to claim Universal Credit for this child (with some exceptions) - your benefit will be restricted to two children.

## Housing costs element

This can cover rent (replacing Housing Benefit) or owner-occupier payments (mortgages and certain other loans secured on property). The amount of the housing element may not cover all of your rent. See factsheet **F26: Housing Benefit and Local Housing Allowance: help with your rent** at [www.durham.gov.uk/HBandLHA](http://www.durham.gov.uk/HBandLHA) for an explanation of what restrictions might apply to your housing element.

The amount paid for help with mortgage costs will not cover all of a typical mortgage payment. For a three-month period at the start of a Universal Credit award you will not receive help. After that, help will be given only on the interest element of a loan.

This is worked out using a standard rate of interest set by the Bank of England, and only on a maximum, eligible loan of £200,000. If an owner-occupier starts paid part-time work, all help with housing costs will cease, regardless of their level of earnings.

Renters aged 18-21 who are fit for work are not eligible for the housing element except in certain circumstances.

From April 2018, all help for new claimants with mortgage interest will be made in the form of a repayable loan.

## Carer element

If you satisfy the qualifying conditions for Carer's Allowance because you care for a disabled person you will qualify for a carer element of Universal Credit. See factsheet F06: Benefits for Carers at [www.durham.gov.uk/carersbenefits](http://www.durham.gov.uk/carersbenefits)

This applies even if you earn more than £116 a week, so would fail the earnings test for Carer's Allowance.

If both members of a couple care for the same disabled person, only one carer element will be paid. However, if they each care for a different person and satisfy the qualifying conditions they can get one carer element each.

## Limited capability for work and limited capability for work-related activity elements

These two elements are aimed at people who have difficulty working because of an illness, condition or disability. To qualify for either you will have to undergo a work capability assessment.

The limited capability for work element is only paid if you were receiving Employment Support Allowance or Universal Credit on the basis of incapacity for work before April 2017.

If you claimed Universal Credit or claimed a limited capability for work element after that date, you will not receive a limited capability for work element. However, you can still receive the limited capability for work and work-related activity element if the assessment shows you have a more severe limitation to your capabilities.

This is the same assessment that is carried out for Employment and Support Allowance.

See factsheet **F22: Employment and Support Allowance** at [www.durham.gov.uk/ESA](http://www.durham.gov.uk/ESA) for general information on Employment and Support Allowance, as well as factsheet **F23: ESA The Work Capability Assessment and Form ESA50** at [www.durham.gov.uk/workcapability](http://www.durham.gov.uk/workcapability) for full details of what the work capability assessment consists of.

You can only get one of these elements in your Universal Credit even if you are part of a couple and both you and your partner satisfy the conditions for an award.

If you qualify for a carer element, you cannot also get one of the limited capability elements for yourself. However, if you are a couple, one member can get a carer element and the other a limited capability element.

## Childcare costs element

To qualify for the childcare costs element, the claimant (or both members of a couple) must be in paid work. There is no rule about hours worked, but the childcare costs incurred must enable the claimant to continue in paid work. The childcare provider has to be registered with OFSTED.

The rule about both members of a couple being in work does not apply if the partner of the working person has limited capability for work, regular or substantial caring responsibilities for a severely disabled person, or is temporarily absent in prison, hospital, or residential care.

You can claim 85% of your childcare costs. The maximum payment you can receive is £646.35 for one child and £1108.04 per month for two or more children.

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### What income is taken into account?

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Most income, including earnings and most other benefits, counts in the calculation of Universal Credit and reduces the award. However, some income is partly or wholly ignored.

If you work, some of your wages may be ignored. If you have children or have limited capability for work, and you do not rent your home, the first £397 a month of your earnings will be ignored.

If you have children or limited capability for work, and you do rent your home, only the first £192 a month of your earnings will be ignored.

If you do not have children or a limited capability for work, none of your earnings at all will be ignored - they will all be taken into account.

Earnings that are taken into account do not reduce an award penny for penny. Only a percentage is taken off the award. This is called the earnings taper. It is set at 63%, so for every £1 of earnings (less tax, National Insurance and pension contributions) £0.63 will be taken off your Universal Credit award. Data about earnings will be taken from HM Revenues and Customs.

If you have been self-employed for more than 12 months you will be assumed to have a basic level of income from your self-employment, even if you do not earn this much - this is known as the 'minimum income floor'.

Most other benefits will count in full as income, for example contribution-based Employment and Support Allowance and contribution-based Jobseeker's Allowance, Carer's Allowance and Bereavement Allowance.

The main benefits that are ignored in the calculation of income are Disability Living Allowance, Attendance Allowance, the Personal Independence Payment, Child Benefit, and war disablement pensions.

The total amount of benefit you can be paid might be restricted by the 'Benefit Cap' (see factsheet [www.durham.gov.uk/media/3941/The-Benefit-Cap/pdf/TheBenefitCap.pdf](http://www.durham.gov.uk/media/3941/The-Benefit-Cap/pdf/TheBenefitCap.pdf) for more details).

It may also be restricted by the under-occupation rules (see factsheet **F26: Housing Benefit & Local Housing Allowance: Help With Your Rent** [www.durham.gov.uk/HBandLHA](http://www.durham.gov.uk/HBandLHA)).



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## How do I claim Universal Credit and how will I get paid?

**A**

You will need to make a claim online when the rollout begins in your area.

There will be no paper claim form available. If you require help to complete your online application, or with managing your budget, you should contact your Jobcentre Plus office who will help arrange this. You can also get advice from the Council's Customer Services Team on

Some people who are unable to use an online service may be referred to a mediator from another agency who should be able to help them make their claim online.

The majority of people will be paid Universal Credit monthly in arrears, usually into a bank, building society, or credit union account. In exceptional cases alternative arrangements can be made, but the DWP has said these will be time-limited.

Your Universal Credit housing element will be paid direct to you rather than your landlord. This means you will need to pay your rent yourself from your monthly benefit. However, if you are vulnerable or in arrears with your rent you can apply to have the housing element paid direct to your landlord.

Your first payment of Universal Credit will not be made until approximately six weeks after your date of claim. It may prove difficult to budget during this period, so the DWP are told to refer claimants who are having financial difficulties for budgeting advice from a third-party organisation.

It is also possible to obtain an advance payment of benefit where hardship would otherwise occur, but any advance payment will be recovered from future payments of Universal Credit.

If you are paid too much it is recoverable from you even if the DWP made the mistake.

You do not have a right of appeal against the recovery of the overpaid money, but you can appeal against the amount if you think it is wrong, or if you do not agree that you have been overpaid at all.

If you are paid too much because you failed to provide information or provided incorrect information you might be fined. This is called a 'civil penalty'. You can also be offered a fine as an alternative to prosecution if the DWP thinks there might be grounds for a prosecution for fraud.

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## What if I am not happy with a decision?

A

Decisions on Universal Credit will be notified to you in writing. If you do not agree with a decision, you will usually be able to dispute it. To do this, you must first ask the DWP to look at the decision again. You can do this by phone, in writing, or through your online journal. You must do this within one month of the date on the decision letter. This is called a reconsideration.

You will notified of a new decision after it has been reconsidered. If you are still not happy with it, you have a further month from the date of the new decision to appeal to an independent appeal tribunal.

Not all decisions are appealable, for example you cannot appeal against the decision to recover an overpayment.



## Useful contacts

### **Universal Credit Helpline**

0800 328 5644, [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)

### **Durham County Council Customer Services**

03000 260 000

[www.durham.gov.uk/universalcredit](http://www.durham.gov.uk/universalcredit)

### **Durham County Council Welfare Rights**

Advice Line 03000 268 968 (9am-12noon)

Email: [welfare.rights@durham.gov.uk](mailto:welfare.rights@durham.gov.uk)

### **Citizens Advice County Durham**

Debt Advice Line 0300 323 2000

(Monday to Friday 9am-12noon)

General Advice Line 03444 111444

(Monday to Friday 10am-4pm)

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

**Please ask us if you would like this document summarised in another language or format.**

**[welfare.rights@durham.gov.uk](mailto:welfare.rights@durham.gov.uk)**

**03000 268 968**