

# UNIVERSAL CREDIT

**Durham**  
County Council



## What is Universal Credit?

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

UC is not taxable. It replaces several current means-tested benefits and tax credits.

## What benefits will Universal Credit replace?

UC will replace all of the following benefits for working age people. We call these 'legacy benefits':

- Income Support
- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Housing Benefit (except in supported accommodation)
- Working Tax Credit
- Child Tax Credit

UC does not replace or include Council Tax Reduction. This must still be claimed separately from your local council.

Non-means tested benefits are not being replaced by UC. These include benefits such as contribution-based Jobseekers Allowance and contribution-based Employment and Support Allowance, which are now called 'new style' JSA and ESA. It is still possible to claim these benefits.

## Universal Credit in County Durham

In County Durham, all new claims for means tested benefits made by working age people — other than Council Tax Reduction — will instead be treated as claims for Universal Credit.

This means only new claims will be affected. People who already receive legacy benefits can remain on their existing benefits for now, unless they need to make a fresh claim. They will be invited to claim UC in phases, starting with a small-scale test migration in July 2019.



**Welfare Rights Service**  
Revenues and Benefits  
Durham County Council

[www.durham.gov.uk/welfarerights](http://www.durham.gov.uk/welfarerights)  
[welfare.rights@durham.gov.uk](mailto:welfare.rights@durham.gov.uk)

## Who qualifies for Universal Credit?

UC will be available to people who are in full-time work or part-time work, to people who are unemployed, sick, or disabled, to carers, to single people, to lone parents and to couples. You can claim UC if you are an owner-occupier, a tenant, or you live in someone else's household.

Some groups of people will only be able to claim in very limited circumstances, for example full-time students. The minimum age of entitlement is usually 18: 16 and 17 year olds will only be able to claim in limited circumstances such as being disabled or a carer, or being without parental support.

People who currently receive a Severe Disability Premium in their legacy benefits will also not be able to claim UC. They will be able to make a fresh claim for legacy benefits instead.

In order to qualify for UC you will have to be present and habitually resident in Great Britain and have less than £16,000 in capital.

## The 'claimant commitment'

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

There are four different types of commitment; in order of increasing demand they are:

- 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 (all the above, plus actively being available for and seeking work)

Which commitment applies to you depends on which group of claimant you are in. For example, lone parents with children under one, and carers of severely disabled people, are in the first group (they do not have any work-related requirements). Lone parents with children aged one or two fall into the second group (they must undertake 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 available. Some sanctions 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 3 years.

If you are sanctioned you will have a right of appeal against the decision. You may also be entitled to a hardship payment. If you receive a hardship payment, you must repay it from future payments of UC.



## How much is Universal Credit?

The rules around calculating UC are quite complicated. The calculation works by comparing all the elements of UC that you are entitled to with the amount of income that you have. These elements, and your income, are worked out on a monthly basis.

Your maximum UC will be paid if you have no countable income. As your income goes up, generally the amount of UC you are entitled to will reduce (although certain types of income are ignored either wholly or partially – see page 5). UC will be made up of several elements:

### Standard allowance

This will be paid at four different rates: one for single people aged under 25, one for single people aged 25 or over, one for couples where both members are aged under 25, and one for couples where one or both members are aged 25 or over.

### Child element

One basic 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 they can have a disabled child addition 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 a basic child element for this child. There are some exceptions to this two child rule, including some children born as part of a multiple birth, adopted children, those born in a controlling or coercive relationship, and others.

### Housing costs element

This can cover rent (replacing the old Housing Benefit) or owner-occupier payments (essentially mortgages and certain other loans secured on property). The amount of the housing element may not cover all of your rent: for example, you might have more bedrooms than you legally require, which will not be covered.

The amount paid for help with mortgage costs will not cover all of a typical mortgage payment. For a 9-month period at the start of a UC award no help will be given. After that, help will be given only on the interest element of a loan. This will be worked out using a standard rate of interest set (currently 2.61%) 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.

Help with mortgage interest is made in the form of a loan which must be repaid with interest when the house is sold.



## Carer element

If you satisfy the qualifying conditions for Carer's Allowance (see factsheet F06: Benefits for Carers) because you care for a severely disabled person you will qualify for a carer element in UC. This applies even if you earn over £123 a week so would fail the earnings test for Carer's Allowance.

If both members of a couple care for the same disabled person, they can only get one carer element between them. 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 are two elements aimed at people who have difficulty working because of an illness, health condition or disability.

To qualify for either you will have to pass the relevant work capability assessment. This is the same assessment that is carried out for Employment and Support Allowance (ESA). See factsheet F22 for general information on ESA and factsheet F23 for full details of what the work capability assessment consists of.

The limited capability for work element pays less than the limited capability for work and work-related activity element because it reflects a lesser level of disability. You can only get whichever element is worth more.

The lower limited capability for work element can only be paid to people who claimed UC before 3 April 2017 on the basis of having limited capability for work. If you claimed after that date you can not receive this element. The higher limited capability for work and work-related activity element is available to anyone regardless of when they claimed.

You can only get one of these elements even if you are 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 both this and one of the limited capability elements for yourself: you will receive whichever one is worth more. However, if you are a member of 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 must enable the claimant to continue in work. The childcare provider has to be registered with OFSTED or its Scottish or Welsh equivalents.

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 back. The maximum childcare costs element you can receive is £646.35 for one child and £1108.04 for two or more children.



## What income is taken into account?

Most income, including earnings and most other benefits, counts as income in the calculation of UC 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 £503 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 £287 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.

Wages 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, NI and pension contributions) taken into account, £0.63 will be taken off your UC award. Data about earnings will be taken from HM Revenues & Customs computer system.

If you have been self-employed for more than 12 months you will be assumed to earn equivalent to the national minimum wage from your self-employment even if you do not in fact earn this much: this is known as the 'minimum income floor'.

Most other benefits will count in full as income—for example, contribution-based ESA and contribution-based JSA, State Pension, and Carer's 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.

## Restrictions to UC

The total amount of benefit you can be paid might also be restricted by the 'benefit cap' (see factsheet F30: The Benefit Cap for more information) or by the under-occupation rules if you rent your home and it is deemed too large for your needs.

## Transitional protection

UC is calculated differently to legacy means tested benefits. This means some people will be better off on UC, but a significant number will be worse off.

If you are 'managed migrated' over to UC from a legacy benefit, you should be entitled to transitional protection. This means if your UC works out less than your legacy benefits used to pay, it will be topped up to the amount you used to receive, leaving you no worse off in many cases.

However, this transitional protection only applies to claimants who are 'managed migrated' to UC. This migration process will not begin until summer 2019 at the earliest. If you claim UC before then, for example due to a change of circumstances, you may receive no transitional protection, and you may be worse off. For this reason it is important that you seek advice before claiming UC voluntarily.

People who have lost a severe disability premium (SDP) because they have already claimed UC before being managed migrated should be compensated at a later date for this loss. The compensation may not always be as much as the value of the SDP, and will not compensate for the loss of other elements or financial losses.



## How do I claim UC and how will I get paid?

Most people have to claim Universal Credit online at <https://www.gov.uk/apply-universal-credit>. However, there is also a telephone helpline: 0800 328 5644 (text phone 0800 328 1344). When you phone this number you will usually be directed to the website to claim.

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 you make the claim. There will be no paper claim form available.

The majority of people will be paid UC monthly in arrears into a bank account. In exceptional cases alternative arrangements can be made, such as being paid twice or four times a month, but these require you to show vulnerability and are generally expected to be temporary arrangements.

Unlike Housing Benefit, your UC housing element will generally 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 UC will not be made until approximately five to 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 UC.

If you are paid too much UC 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'. If the DWP thinks there might be grounds for a prosecution for fraud you might also be offered a fine as an alternative to prosecution.

## How to get support when claiming UC

From April 2019, Citizens Advice will provide help and support with making a claim to UC.

Call their national helpline - 0800 144 8 444 or visit [www.citizensadvice.org.uk/benefits/universal-credit/](http://www.citizensadvice.org.uk/benefits/universal-credit/) and webchat with an advisor. You can also drop into your local Citizens Advice office, locations and opening times can be found at [www.durham.gov.uk/universalcredit](http://www.durham.gov.uk/universalcredit).



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

Decisions on UC 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 telephone the DWP to ask them to look at the decision again. You must do this within one month of the date on the decision letter. This is called a reconsideration.

You will be sent a new decision after the original one has been reconsidered. If you are still not happy with the decision 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—but most are. ■



## Need more advice? CONTACT WELFARE RIGHTS:

### By telephone:

Advice Line  
03000 268 968  
9 am – 12 noon

### By email:

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

### By post:

Welfare Rights • Durham County Council • Revenues and Benefits • PO Box 254  
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