

Universal Credit

Information Guide 1: For Residents and Advisers

July 2018

www.wolverhampton.gov.uk

1. Introduction

Universal Credit is a new benefit administered by the Department for Work and Pensions (DWP). It is designed to provide financial support to people of 'working age' (aged between 16 and the 'qualifying age for Pension Credit' - the age at which Pension Credit may be claimed) who are on a low income or are out of work.

Universal Credit is set to replace six existing benefits (so called 'legacy benefits') and eventually everyone who claims those benefits will be contacted and expected to apply for Universal Credit. When they do, any 'legacy benefit' entitlement will end. See 2. The Roll Out.

Applications for Universal Credit need to be made online. Once an application has been made, the applicant (and their partner, if they have one) will need to meet with a Job Centre Work Coach to validate the claim by providing verification of their identity, address, savings and income. At this meeting the applicant (and their partner, if they have one) will be expected to enter into a 'Claimant Commitment' outlining their availability for work and the steps they will be undertaking to find work.

If the applicant fails to keep to the terms of the 'Claimant Commitment' then they risk being sanctioned or losing their Universal Credit entitlement altogether.

Universal Credit is meant to ensure that people have sufficient money for day-to-day living. If an applicant needs to pay rent and/or a mortgage then their payments can include money for this. It will then be up to them to pay their rent / mortgage from this money.

Any Universal Credit entitlement will normally be paid by way of a single monthly payment, in arrears. Because of the way the system works the applicant will have to wait five weeks (six weeks prior to February 2018) before they receive their first payment. Payment will normally be paid into the applicant's bank, building society or credit union account.



**Universal Credit
FULL SERVICE
has been rolled out in stages
across Wolverhampton since
13th December 2017**

2. The Roll Out

After some initial piloting in so called 'pathfinder areas' Universal Credit has been gradually rolled-out to other parts of the country. The different stages of the roll-out in Wolverhampton have been/will be:

- On **8th February 2016** Wolverhampton became a '**Universal Credit LIVE**' area. This meant that from this date single unemployed people who are fit for work have been able to apply for Universal Credit providing certain 'gateway conditions' were met. Anyone who was not single (or who could not meet the 'gateway conditions') could apply for the 'legacy benefits'. See 3. Which Benefits Will Universal Credit Replace below.
- Since **13th December 2017** certain parts of Wolverhampton have become '**Universal Credit FULL SERVICE**' areas. This means that people living in these areas have been able to apply for Universal Credit irrespective of whether they are single, a member of a couple or have children (providing that they are not a family with three or more children). Even those in work and those considered to be too sick to work have been able to apply.

Those parts of Wolverhampton that did not become a Universal Credit FULL SERVICE area from 13th December 2017 will do so from either 14th February 2018 (north of the city) or by sometime in October 2018 (east of the city). Therefore, the whole of Wolverhampton should become a Universal Credit FULL SERVICE area by October 2018.

- Since **1st January 2018** no new claims under '**Universal Credit LIVE**' have been possible. This means that anyone living in Wolverhampton will not be able to apply for Universal Credit unless they are living in a part of the city in which Universal Credit FULL SERVICE has arrived. Anyone in this situation will need to apply for a 'legacy benefit' instead.

Anyone who has been getting Universal Credit under **Universal Credit LIVE** will, at some stage in the future, be invited by the DWP to apply for Universal Credit under the **Universal Credit FULL SERVICE** system. If they do not make an application when invited to do so then their Universal Credit claim will be ended.

Anyone living in Wolverhampton who is not able to apply for Universal Credit either because they do not live in a **Universal Credit FULL SERVICE** area or because they have three children or more must in the meantime rely on claiming 'legacy benefits'. See 3. Which Benefits Will Universal Credit Replace below.

If a person has been getting a 'legacy benefit' then they will be expected to apply for Universal Credit under **Universal Credit FULL SERVICE** when they have a relevant change of circumstances. For example, they:

- separate from their partner
- get a job
- become too sick to work
- stop working

Those people who are still getting 'legacy benefits' will between 2019 and 2022 be randomly contacted by the DWP and invited to apply for **Universal Credit Full SERVICE**.



If someone has three or more children then they will not be able to apply for **Universal Credit FULL SERVICE** at the present time even if they live in a **Universal Credit FULL SERVICE** area. Families with 3 or more children have been specifically excluded from applying for Universal Credit due to the 'two child limit' - a new policy introduced since 6.4.2017 which restricts the amount of benefit payable to families with 3 or more children.

This group must instead rely on claiming legacy benefits. However, it is understood that this restriction will be removed from February 2019.

3. Which Benefits Will Universal Credit Replace?

Universal Credit is set to eventually replace the following benefits - the so called 'legacy benefits':

- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Income Support (IS)
- Housing Benefit (HB)
- Child Tax Credit (CTC)
- Working Tax Credit (WTC)

Universal Credit is not replacing:

- Council Tax Reduction
- Contributory JSA
- Contributory ESA
- State Retirement Pension
- Pension Credit
- Attendance Allowance
- Personal Independence Payment
- Disability Living Allowance
- Carer's Allowance
- Child Benefit / Guardian's Allowance
- Statutory Sick Pay
- Industrial Injuries Benefit

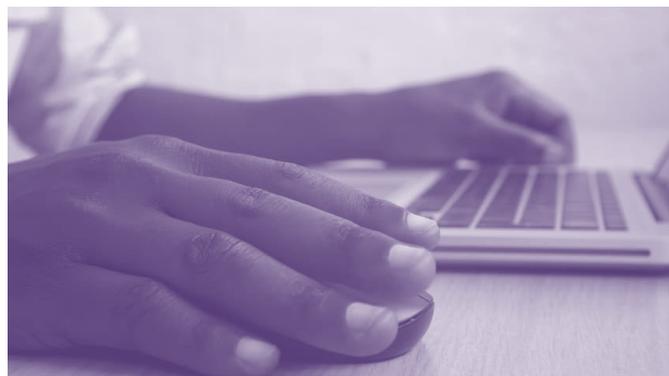
The expectation is that most people of 'working age' who need financial support due to e.g. unemployment or low paid employment will be able to apply for Universal Credit to help them with their day-to-day living and housing costs.



4. Applying for Universal Credit

The applications for Universal Credit must be made online at:

www.gov.uk/apply-universal-credit



Once an application has been made, the applicant must make arrangements to meet with a 'Work Coach' at their local Job Centre. At this meeting, the applicant (and their partner) will be expected to provide information and evidence to validate their claim by providing verification of their identity, address (and rent, if they are living in rented accommodation) and financial circumstances.

At this meeting the applicant (and their partner, if they have one) will be expected to enter into a 'claimant commitment' and depending on the applicant's circumstances this will normally outline their availability for work and the steps they will be taking to look for work. If they fail to keep to the terms of their 'claimant commitment' then they risk being sanctioned or losing their Universal Credit entitlement altogether.

If someone is unable to make an application for Universal Credit online, then they may ring the Universal Credit Service Centre on 0800 328 5644 whereby they will be advised on their options. They should be signposted to a place locally that may help them with making a claim. If the person is housebound and not digitally connected, then then arrangements should be made for them to be visited by the DWP and the Visiting Officer should assisted to make an online claim.

5. Payments and Budgeting

Any Universal Credit entitlement will be paid by way of a single monthly payment paid in arrears. Because of the way Universal Credit is administered people will normally have to wait five weeks (six weeks prior to February 2018) before they get their first payment. Payments will include financial support towards a person's day-to-day living costs and assistance towards their rent should they live in rented accommodation. Once paid it will be up to the claimant to manage their money and pay their rent on time.

A person may apply to get a '**Short-term Advance**' payment of Universal Credit whilst they are awaiting their first payment if they are in 'financial need' - meaning there is a 'serious risk' of damage to their health or safety should they not get any money. Any award of a Short-term Advance payment will be recovered by deductions from any subsequent payments of Universal Credit. The normal repayment period will be 12 months.

Personal Budgeting Support:

The aim is to provide 'budgeting support' to people to cope with managing their money should they need it. Budgeting support comes in two forms - there is 'Money Advice' and 'Alternative Payment Arrangements'.

Money Advice:

It is understood that 'money advice' will be offered to people, if they are a new Universal Credit claimant, by their Work Coach at the Job Centre during their initial meeting. It is expected that the Work Coach will 'signpost' people to online services and/or local organisations providing this service. Some forms of signposted advice will be face-to-face whilst other forms may be delivered by phone. The aim is to tailor the 'money advice' around the themes of managing monthly payments and managing rent payments to a landlord.



Alternative Payment Arrangements:

Alternative Payment Arrangements should be available to those who need additional support by means of:

- paying their rent as a 'managed payment' direct to their landlord in order to safeguard their home
- more frequent payments (e.g. twice monthly or four times monthly) where needed.

In couple situations, split payments may be agreed where there is financial abuse, e.g. one partner mismanages the Universal Credit payment or where domestic violence is an issue but the couple remain living together.

Any 'Alternative Payment Arrangements' will be 'claimant centric' - that is to say that the arrangement will be discussed and considered with the claimant and applications will be considered on an individual case-by-case basis. Alternative Payment Arrangements can be considered at any point during the life of a Universal Credit claim.

Managed Payments to Landlord:

'Managed Payments' to a person's landlord should be permitted when they:

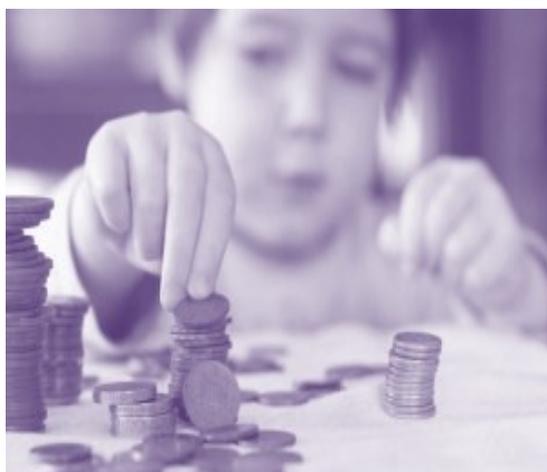
- are in arrears with their rent of more than **two months**; or
- have 'continually underpaid' their rent over a period of time and they have rent arrears equal to more than **one month's** rent

Private landlords can request a managed payment of rent (plus a payment towards any rent arrears) on a UC47 form where either of the above conditions are met.

The decision about whether to allow an 'Alternative Payment Arrangement' will be made by a 'Universal Credit Agent' taking into account the claimant's personal and financial circumstances. There is no right of appeal against a decision which refuses an Alternative Payment Arrangement.

6. The Assessment

How much Universal Credit is paid depends on the personal and financial circumstances of the claimant (and their partner). Entitlement to Universal Credit is worked out using similar principles to those used for working out entitlement to the benefits/tax credits Universal Credit is set to replace.



The claimant will be awarded a 'maximum amount' of Universal Credit according to their personal circumstances (e.g. single, couple and any children) and housing costs (e.g. rent, service charges and/or mortgage interest). From this is deducted the claimant's (and their partner's) 'assessed income' (if any). In assessing a person's income some forms of income are counted in full (e.g. Carer's Allowance, Contributory JSA or Contributory ESA) whilst other forms of income are fully disregarded (e.g. Child Benefit, Disability Living Allowance and Personal Independence Payment). If the claimant is working, then it is only a percentage of their take-home pay which is taken into account after any 'work allowance' disregard that may be applicable.

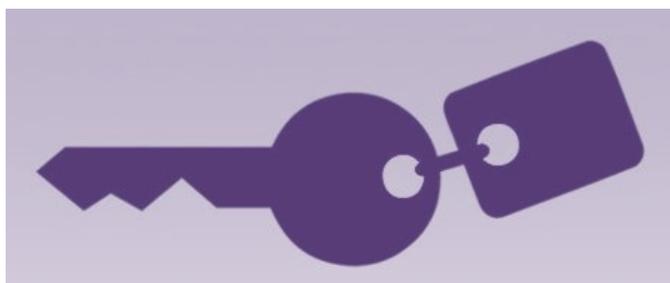


Example One: Salima is aged 22. She is a lone parent and lives with her parents. Her son, Zak is aged two. Her only income is £20.70 per week Child Benefit. Salima would be awarded £528.85 per month ('maximum amount' of Universal Credit) from which £NIL ('assessed income') would be deducted because her Child Benefit would be fully disregarded. Therefore, whilst getting Universal Credit Salima's income would be £528.85 per month Universal Credit plus £20.70 per week Child Benefit. This money is intended to help Salima with the costs associated with her day-to-day living.

Example Two: John and Sadie are a young couple. They live in a two-bedroom house which they rent from a private landlord. Their rent is £98.50 per week. They have two children, Noah (aged 3) and Mason (aged 1). John works part-time. His take home pay is £680.00 per month. Sadie does not work.

Apart from John's earnings the family's only other income is £34.40 per week Child Benefit. The couple would be awarded £1,434.47 ('maximum amount' of Universal Credit) from which £303.66 ('assessed income') would be deducted. This accounts for the portion of John's earnings which would be treated as an income. The couple's Child Benefit would be fully disregarded as an income. Ultimately the couple would be left with a Universal Credit entitlement of £1,130.81 (£1,434.47 less £303.66 = £1,130.81) per month. This money is intended to help John and Sadie with the costs associated with their day-to-day living and to enable them to pay their rent.

Example Three: Katrina is aged 23. She is a lone parent. She lives in a two bedroom flat with her 4-year-old son, Jack. Her rent is £75.50 per week. Katrina receives £64.60 per week Carer's Allowance because she looks after her disabled mother. Her only other income is £20.70 per week Child Benefit. Katrina would be awarded £1,012.47 ('maximum amount' of Universal Credit) from which £279.93 ('assessed income') would be deducted. Her Carer's Allowance would be treated as income taken into account in full. However, her Child Benefit would be fully disregarded. This would leave her with a Universal Credit entitlement of £732.54 (£1,012.47 less £279.93 = £732.54) per month. This money is intended to help Katrina with the costs associated with her day-to-day living and to enable her to pay her rent.



Housing Costs: Whilst Universal Credit will look to provide financial assistance towards people's rent and/or mortgage interest payments it should be noted that no help with mortgage interest is available to those who are working, irrespective of whether they work part-time or full-time. To off-set this, those who work and have a mortgage are given a more generous 'work allowance' (disregard on their earnings) resulting in less of their earnings being taken into account as an income than might otherwise be the case.

Young People and Housing Costs: Under Universal Credit '**full service**' young single claimants aged 18 to 21 were ordinarily excluded from being able to get help towards their rent. However, certain groups were excluded from this rule. This including: a young person who was:

- a lone parent
- a care leaver
- getting PIP for daily living or DLA middle or higher rate care component

- unable to live at home due to a risk to their physical or mental health

However, the government announced on **31st March 2018** that these rules would be scrapped, and that young people would be able to qualify for help with their rent in the same way as other claimants.

7. Young People

Under **Universal Credit FULL SERVICE** 16 and 17-year olds are only able to apply for Universal Credit in limited circumstances. These include where the young person:

- is too sick to work (i.e. they are assessed as having 'limited capability for work')
- is a carer for a severely disabled person
- is pregnant and within 11 weeks of childbirth
- is a lone parent; or
- cannot live with their parents (including anyone who acts in place of their parents) because they are 'estranged' from them; or
- cannot live with their parents (including anyone who acts in place of their parents) because there would otherwise be a 'serious risk' to their physical or mental health; or
- cannot live with their parents (including anyone who acts in place of their parents) because they would otherwise suffer 'significant harm'
- is an orphan and does not have anyone acting in place of their parents.

It also includes situations where the young person is living away from their parents and their parents are unable to support them due to disability or because they are in prison.



The rules are different for care leavers and young people being 'looked after' in local authority care so please seek further information and advice should this apply.

Further, there are provisions within **Universal Credit FULL SERVICE** which are designed to time limit Universal Credit payments to certain 18 to 21-year olds to six months. Under this provision (so called 'youth obligation') new young claimants of Universal Credit who are subject to all four elements of the 'work-related requirement' (i.e. they are expected to be take part in 'work-focused interviews' and 'work preparation' and look for work whilst also being available for work) will be expected to undergo 'intensive work focused support' from day one of their claim. If they are then still unemployed and claiming Universal Credit after 6 months they will be referred to work-related training or guaranteed work experience. The intention is that this will give them the skills and experience they need to gain an Apprenticeship place or other job and progress their future career. Young people who are too sick to work, lone parents of young children and carers are exempt from this provision.

8. Students and People in Education

Under **Universal Credit FULL SERVICE**, the general rule is that a person may not claim Universal Credit whilst they are considered to be 'receiving education'. However, there are some exceptions to the general rule depending on the age and circumstances of the claimant and the nature of course they are on. For example, a person may claim Universal Credit whilst studying if they are:

- a) a lone parent; or
- b) disabled and get Personal Independence Payment or Disability Living Allowance and they may be considered to have 'limited capability for work' (i.e. they may be considered to be too sick to work) under the Work Capability Assessment; or

- c) an orphan and aged under 22 and undertaking a course of 'non-advanced education' (e.g. GCSEs/A levels) and they do not have anyone acting in place of their parents; or
- d) aged under 22 and undertaking a course of 'non-advanced education' (e.g. GCSEs/A levels) and they may be considered to be without 'parental support' because they cannot live with their parents (or anyone who acts in place of their parents) due to estrangement or due to a serious risk to their physical or mental health.

If the person is undertaking a degree course, then they would be expected to access any student loan available to them and then particular aspects of any such loan would be treated as part of their income when assessing how much Universal Credit should be paid.

Do seek further information and advice as appropriate.



9. People from Abroad

The benefit system has numerous rules and provisions which serve to exclude people from abroad from being able to access Social Security benefits and tax credits.

When applying for Universal Credit a person will be asked for details of their nationality and whether or not they have lived in the UK during the last two years. This is because to be entitled to any amount of Universal Credit a person must satisfy an 'habitual residence test'.



This requires that a person must have a 'right to reside' in the UK and they must normally have been living in the UK for an 'appreciable period' of time (3 months or longer) before they are eligible.

If a person comes from abroad and they are not a British national or an EEA national then their ability to get Universal Credit will depend on their immigration status. If their ability to remain in the UK is subject to immigration control or restrictions (i.e. their right to remain is dependent upon them having no recourse to public funds) then they will not be able to get Universal Credit. Indeed, a claim for certain benefits could damage their ability to remain in the UK.

If a person is an EEA national then they should presently be able to apply for Universal Credit if they have a 'right to reside' in the UK because they:

- work and that work may be considered to be 'genuine and effective' (not infrequent or occasional)
- have recently worked but have had to stop working due to temporary illness, maternity or redundancy
- self-employed

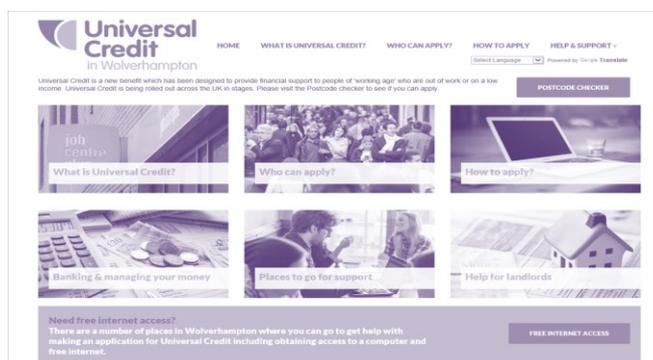
An EEA national may also be able to apply if they are a family member of an EEA nation who has a 'right to reside'. There are other circumstances in which certain carers of children in education, students and those who have previously been living in the UK whilst wholly 'self-sufficient' may claim.

It would be wise for anyone who is either a non-EEA national or an EEA national to seek specialist advice on their right to obtain Universal Credit before applying.

10. More Information

The City of Wolverhampton Council has developed this Universal Credit information hub in partnership with local organisations as an information hub designed to assist people who are seeking to apply for Universal Credit and living in Wolverhampton.

www.universalcreditwolverhampton.co.uk



It provides a host of useful information on Universal Credit, including information on who may apply for Universal Credit and how applications should be made. It also features links to other Universal Credit information points, as well as details of sources of online support with matters such as money advice and budgeting.

The site provides details of where people living in Wolverhampton may go for help with finding out more about their rights to apply for Universal Credit and where they can go for help to make the online application.





The site also hosts a copy of the 'Wolverhampton Information and Advice Directory' produced by the Welfare Rights Service. This contains easily accessible details on the network of groups and organisations in Wolverhampton who provide information, advice and/or support particularly in the areas of welfare benefits (including welfare reform), debt, housing and employment. Details of local food bank and soup kitchen providers is also available from the Directory.

11. Information Guides

The City of Wolverhampton Council's Welfare Rights Service produces the following guides on benefits and welfare reform:

1. Universal Credit
2. Universal Credit - Claims and Payment
3. Universal Credit - The Claimant Commitment
4. Universal Credit - Sanctions and Hardship Payments
5. Universal Credit - Work Capability Assessment - Toolkit
6. Employment and Support Allowance
7. ESA - Work Capability Assessment - Toolkit
8. Personal Independence Payment
9. Personal Independence Payment - Toolkit
10. Form Filling - PIP2 and ESA50/UC50
11. Benefits for Young People
12. The Benefit Cap
13. The Spare Room Subsidy
14. DWP Social Fund

15. Local Welfare Assistance
16. Benefits and People from Abroad
17. JSA Sanctions
18. ESA Sanctions
19. Disputes and Appeals
20. Going to Appeal: First-tier Tribunals
21. Useful Contacts and Websites

If you would like a copy of any of the above Information Guides or you are in need of information and/or advice on a benefits or welfare reform matter, then please contact our Specialist Support Team:

☎ Telephone: (01902) 555351

✉ Email: A&C.WRS@wolverhampton.gov.uk

The information contained in this Information Guide is meant to provide insight to Universal Credit. It should not be treated as an authoritative statement of the law. The details may be subject to change by new regulation and/or case law. Do seek further information and advice as necessary.