



Universal Credit: an overview

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What is Universal Credit?

Universal credit (UC) is a new means-tested benefit for people on a low income who are in or out of work. It is replacing a range of means-tested benefits with a single benefit. It is being introduced for new claimants. A benefit cap may be applied to the total amount you can receive each month. You will still have a right to appeal if you disagree with the DWP's decision as to the level of UC you qualify for.

Universal credit is replacing the following six benefits:

- income-related Employment and Support Allowance (ESA)
- income-related Jobseekers Allowance (JSA)
- Income Support (IS)
- Housing Benefit (HB)
- Working Tax Credit (WTC)
- Child Tax Credit (CTC).

To qualify for UC you will need to meet certain basic rules and have income and capital/savings below specific levels. You can claim as a single person or if you are living with a partner you will need to make a joint claim as a couple.

Some benefits that exist already will remain (e.g. contribution-based ESA, contribution-based JSA, career's allowance and Personal Independence Payment).

You may get contribution-based ESA or JSA and an extra amount of UC paid on top of this.

UC is means-tested so will bring your income up to a specified amount which will vary according to your individual circumstances. See www.citizensadvice.org.uk/benefits/the-benefit-cap/check-if-the-benefit-cap-applies-to-you/

Areas of the UK where you can claim UC

The roll out of Universal Credit has almost been completed. The Government aims for the whole country to be a 'full service area' by the end of February 2019. This means all new claims will be for UC after this date. To check if when your district council's status, visit www.entitledto.co.uk/help/Universal-Credit-Pilot. You can then put in your postcode and it will tell you when your area goes, or went full service.

The Citizens Advice Bureau (www.adviceguide.org.uk) also has lots of very useful information about the areas of the country that you can claim UC in and about who can claim.

Not everyone living in these areas will be able, or need to claim UC – it will depend on your individual circumstances. If you are already in receipt of one of the 'legacy' benefits listed above you will not need to claim Universal Credit unless you have a change of circumstances or until you are migrated across. The migration of

claimants on legacy benefits is due to start in mid-2019 and the government believes it will take approximately four years to complete.

If you are on legacy benefits and can stay on them until you are migrated across to Universal Credit you will maintain the level of benefit payments you currently receive. If however you need to claim Universal Credit for whatever reason before your migration happens, the level of benefit will likely be reduced.

For example, the ESA element of Universal Credit only pays a premium if you are in the support group. If you're making a new claim after 3 April 2017 and are placed in the limited capability work group you will only receive the same amount as a JSA claimant. However, you will have fewer work related activities you are expected to complete in order to receive your payment in recognition of your limited capacity to work.

Who will be able to claim UC?

UC is a benefit for all new claimants who would have previously claimed one of the legacy benefits listed above. You can claim if you are out of work or if you are working. You can claim if you are ill or disabled (and if you meet certain conditions you will get an extra amount for being ill or disabled) and you may also be able to claim if you are a carer.

To claim UC you will usually need to be aged between 18 and a woman's state retirement age. However, there are some limited circumstances in which 16 and 17 year olds can claim.

Some 16 and 17 year olds may be able to qualify for UC, including those who:

- have dependent children
- are pregnant and the baby is due within the next 11 weeks
- have given birth within the last 15 weeks
- have passed the work capability assessment (see p5), or have a medical certificate in the assessment period
- are caring for a severely disabled person
- are without parental support, e.g. no parent or living away from home due to estrangement, serious risk etc.

You will need to be resident in the UK and there are specific tests to determine this. You will need to have the right to reside in the common travel area, i.e. UK, Ireland, the Channel Islands or the Isle of Man. You must also be present in Great Britain.

To claim UC you will also need to have capital and savings below £16,000; savings of up to £6,000 are ignored. Any savings over £6000 will affect the amount that you get. UC assumes a monthly income of £4.35 a month for every £250 over £6000 up to £16,000. So savings of £7500 would count as income equal to £26.10 a month.

Your income will also need to be below a certain level. This will depend on your circumstances.

Most students cannot get UC but some, e.g. disabled students, may be able to claim if they meet certain criteria. These include:

1. You are under 21, on a non-advanced course (below degree level) and without parental support
2. Responsible for a child
3. Have limited capacity for work and also receive either AA, DLA or PIP
4. Waiting to return to your course after taking time off for illness or disability

If you are self employed you can claim UC to access the rent and tax credits elements. However, you will be expected to earn the equivalent of 37 hours, or the amount of hours agreed in your claimant commitment, at the minimum wage for your age group. If you do not manage to earn this amount UC can make you look for employment which does provide this level of income.

Payment of UC

UC is paid, in arrears, into your bank or building society once each month. This is designed to compliment the system employers use of paying in arrears and help you transition into work more smoothly. If you transition from a legacy benefit to UC this will mean you will have a five week period without any benefits while the paid in advance system converts to the paid in arrears system.

If you are in rented accommodation, either social housing or private, you can request your rent is paid direct to your landlord. As the housing element is paid in arrears and rent is usually due in advance, landlords will often prefer to have the rent paid directly to them. This is because although they are being paid in arrears they are guaranteed the rent and their tenant is less likely to default on their rent payments.

If you are struggling to budget with monthly payments you may be able to arrange an alternative (e.g. twice each month) payment schedule, but it is up to the DWP to decide this and there is right of appeal.

Making a claim

The Department of Work and Pensions (DWP) intends that people will have to claim online although it may be possible to claim by phone or in person at your local job centre. If you are part of a couple you will need to make a joint claim. UC is paid monthly, in arrears, directly into one person's bank account only.

To claim, go to www.gov.uk/apply-universal-credit

If you need help when making your online claim, call the UC helpline on 0800 328 5644.

If you do not have home internet access your local Jobcentre may help or will tell you about local organisations that may be able to help you make your claim. Local libraries also often have internet access and some have staff that can help you with your claim.

If you are unable to claim online you can claim by phone or in person but the DWP intend for this to only happen in exceptional cases.

You may be able to get UC backdated for a month in certain circumstances.

How is UC calculated?

UC is made up of an amount for you and if you have one, your partner. It also includes amounts for any children that you have. There may also be an additional amount if you or someone in your family is ill or disabled and meets the qualifying conditions. For the WTC and CTC elements of UC this means they receive either the middle or higher rate care of DLA or the care element of PIP.

If you or your partner are unemployed and have a disability your eligibility for the ESA element is determined by a test called the Work Capability Assessment (WCA). The process is the same as the legacy benefit claim for ESA and includes a form and the WCA. It is still possible to appeal the decision if you disagree with it.

There are two levels of this additional amount and the level you are awarded depends on the severity of your condition and the way it affects you.

If you are assessed as having "limited capability for work" and placed in the Work-Related Activity Group it has been accepted that you are unable to work but it is likely that you will be expected to take steps to prepare for a return to work. If this is a new claim and you meet these criteria you will not get the lower additional amount. However, your claimant commitment will be tailored to for your limited capacity for work.

If it is accepted that you have "limited capability for work-related activity" and you are placed in the Support Group, you will get a higher amount of financial support and will not be expected to take any steps to prepare for a return to work.

In most cases the WCA involves filling in a detailed questionnaire and meeting face to face with a healthcare professional. You will usually continue to be reassessed at regular intervals.

If you are found to have limited capability for work and need to prepare for a return to work, you may also be required to take part in a work-focused health-related assessment. This is carried out by a healthcare professional on behalf of the DWP.

They will assess the barriers that your disability or illness places on your ability to work and may make suggestions about how to overcome these barriers. For example, they may consider whether aids or adaptations could help you. You know your condition best so if suggestions are made that are not appropriate you will need to explain this.

There is also an additional amount for you or your partner if either of you are caring for a disabled person. If one of you qualifies for the ESA element of UC the other may be able to claim carer's allowance. This is available to people caring for 35+ hours per week and earning under £120 per week.

Other income and treatment of savings

Other income that you have may affect the amount of UC that you get. If you and your partner have more than £16,000 in savings you will not be eligible for UC.

If you have savings of more than £6,000, you will be treated as having an income of £4.35 a month for every £250 or part of £250 that you have over £6,000 and up to £16,000.

The benefit cap

The benefit cap applies to UC. It is £257 per week for a single person and £384 for a couple or lone parent outside Greater London. In Greater London it is £296 per week for a single person and £442 for a couple or a lone parent.

The benefit cap does not apply if you or your partner or child get:

1. ESA, support group
2. UC with the ESA component, support group
3. Carer's allowance or the carer's element of UC
4. DLA, PIP, AA or Armed Forces Independence Payment – this exemption continues to apply if the qualifying person is in hospital.
5. Industrial injuries benefit, reduced earnings allowance or retirement allowance
6. A war pension – the benefits cap will be applied if you go into hospital or a care home.

Work and UC

You can work and claim UC.

In contrast to the current benefits and tax credits system, you do not have to be working either less or more than a set amount of hours. This does allow greater flexibility and this change may help some people with M.E. However, if you are placed in the ESA element WRAG you will be expected to comply with your claimant commitment every week. If you cannot do this you will need to discuss it with your work coach in order to avoid sanctions.

Your earnings are likely to affect the amount of UC that you can get. It is net earnings that are taken into account and your employer is required to report your earnings every time you are paid. This is called "real time" information.

You can keep a certain amount of your earnings before your UC is reduced. This is called the Work Allowance and the amount that you can keep will depend on your circumstances.

Disabled people are allowed to earn more than some other groups of claimants before their UC is reduced. This may apply to you if you have been assessed as having limited capability for work.

If you are self-employed you will have to report your earnings every month. This is done by calculating your income and then deducting the allowed amounts. For example: if you use a car for your work you will not be allowed to deduct all the expenses relating to it. You will be given a mileage allowance. This works out at 45 pence per mile for the first 833 miles and then 25 pence per mile for the remainder of the miles driven that month.

Claimant commitment

Each person on Universal Credit will need to sign a 'claimant commitment' or CC.

There are a very few circumstances where a claimant will not be expected to sign. These include having limited capacity or exceptional circumstances such as a long stay in hospital.

Each claimant commitment will be tailored to the individual.

For example; claimant A must look for 16 hours of work per week. They must look for work within a 90 minute travelling distance from their home. If you refuse to sign the claimant commitment you will not receive any payment. If you do not meet the claimant commitment criteria you will be sanctioned.

Therefore it is very important to be honest about your limitations and whilst the claimant commitment is decided by the DWP and it sets out all your work-related requirements in return for receiving UC, it is negotiable.

If you disagree with your claimant commitment you can discuss it with your contact at Universal Credit. Once you have signed the CC it is very difficult to change it unless you have a change in circumstances e.g. a relapse of your medical condition, so it is very important to be happy with it before you sign it.

If you are eligible for UC you will be placed in one of four groups. The group you are in determines which work-related requirements you will be expected to undertake whilst claiming UC.

The four Claimant Commitment groups are as follows:

1. No work related requirements

This means that you are not subject to any conditions. There are several routes to this group, including anyone assessed as having limited capability for work-related activity (LCWRA) this is also referred to as the Support Group following a WCA.

Other groups of people without work-related requirements include some carers and people with a responsibility for a child aged under one.

2. Work focused interview requirement only

In this group people will be expected to attend work-focused interviews. You would not be expected to apply for jobs or engage with any work activity. You are most likely to be in this group if you look after young children or you are a foster carer.

3. Work preparation requirement

In this group people will be expected to prepare for a move into work but not have to take steps to actually apply for or take up work. Preparing for work could include activities such as:

- having a skills assessment
- participating in training
- participating in an employment programme
- work experience
- improving personal presentation.

Those in this group include those assessed as having limited capability for work (i.e. people in the Work-Related Activity Group) following a WCA. For more information about the WCA and the Work-Related Activity Group, please see Action for M.E's factsheet, *ESA: a guide to filling in the form*.

4. All work-related requirements

If you are in this group you will be required to look for work and take steps to apply for work. If you work part-time you may be expected to look for more hours of work. In most cases if you are in this group you will need to be looking for work of 35 hours each week but you may be able to put restrictions on this if you are disabled or have caring responsibilities.

If you have a partner you may be placed in different groups and have different conditions placed on you depending on your personal circumstances.

If you are required to prepare for work or look for work, your Claimant Commitment should include the details of specific tasks and may give time frames for these. If you are required to look for work your Claimant Commitment will also include the number of hours that you must be available for work. It will also specify how long your journey to and from work can be. This can be up to 90 minutes each way.

It should also contain information about what will happen if you do not comply with the work-related requirements and which changes of circumstance you need to report.

Initially, it is likely that you will be in contact with an adviser in your local Jobcentre Plus who will oversee your work-related requirements.

You may at a later stage be referred to the Work Programme.

What is the Work Programme?

The Work Programme is designed to get people off benefits and into work. It is administered by organisations that are contracted by the DWP to deliver the programme. Often these organisations sub contract to smaller organisations, and pay them by results, i.e. the more people they help back to work, the more they are paid.

Whilst organisations running the Work Programme are required to offer a minimum level of service, they are free to set the rules of their own schemes. This means that the support offered may vary considerably depending on where you live. The Work Programme is supposed to be flexible and tailored to the individual.

You will be required to take part in the Work Programme if you are claiming income-related ESA, are in the Work-Related Activity Group and are expected to be fit for work within 12 months.

Self-employment

If you are self-employed you will be expected to earn the same amount, or more, as an employed person doing the same hours on minimum wage. If you do not do this, or have big fluctuations in earnings: for example £2000 one month and then £500 the next month, the benefits agency can force you to take a job paying at least minimum wage, for the number of hours work agreed in your claimant commitment.

Volunteering

You may do voluntary work when claiming UC but there are rules about the amount of hours that you can do depending on your circumstances.

Sanctions

What are sanctions?

Sanctions are a punitive system of reductions in benefit payments for claimant transgressions. There are two types of sanctions; those for work related requirements and those for benefit offences e.g. benefit fraud.

1. Sanctions for failing to meet the work related requirements:

There are four levels of sanctions that can be applied. These range from 'high' for failing to apply for or accept paid work, to 'lowest' for failing to meet a work related interview requirement. The sanction will include a reduced or nil rate of the standard allowance element of UC. You will still receive the other elements e.g. housing, child tax credit etc.

2. Sanctions for benefit offences:

Conviction for benefit fraud can lead to a three year sanction; the standard allowance will be taken away for the duration of the sanction.

Sanctions are essentially benefit reductions and may be applied if you fail to meet your work-related requirements, e.g. if you do not participate in a work-focused interview or fail to take part in the activities described in your Claimant Commitment.

There are different levels of sanctions, affecting the amount of benefit you get and lasting for differing time periods depending on the reason for the sanction and whether you have been sanctioned before.

You have a right of appeal against a sanction decision and you may be able to get a hardship payment if you are sanctioned.

If you can demonstrate that you have a good reason you should not be sanctioned. Good reasons could include having a disability or health condition.

Useful contacts

Action for M.E.

To contact our Welfare Advice and Support Service, please contact our Information and Support line and ask to speak to one of expert Welfare Advisors. Our aim is that they will contact you as soon as possible, and within five working days.

Tel: 0117 927 9551 (Monday to Friday, 10am to 4pm)

Email: welfare@actionforme.org.uk

Online M.E. Centre: www.actionforme.org.uk

UC helpline and information

Tel: 0800 328 5644 (Monday to Friday, 8am to 6pm)

www.universal-credit.service.gov.uk

Citizens Advice Bureau

Useful information about the employment schemes, including the Work Programme

www.citizensadvice.org.uk

Disability Rights UK

Detailed UC factsheet

www.disabilityrightsuk.org/universal-credit-uc



If you have found the information in this factsheet helpful, please consider making a donation to help us reach more people living with M.E. Visit www.actionforme.org.uk or call 0117 927 9551 to donate now. Thank you.

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