

WELFARE RIGHTS UNIT

UNIVERSAL CREDIT

From April 2022

WHAT IS UNIVERSAL CREDIT?

Universal Credit, is a single payment, which has replaced a number of working age benefits. These benefits are:

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

National Insurance benefits, e.g. Statutory Sick Pay, Statutory Maternity Pay, Contributory Employment and Support Allowance, etc, will continue to be paid. Council Tax Benefit has been replaced by a local scheme called Council Tax Support.

Universal Credit is a means-tested benefit paid to people over 18 and under pension age, or if they are a couple at least one of them is under pension age. However, some 16 year olds may be able to claim, i.e. if they are a lone parent, or without parental support. If one of a couple is over pension age and the other is not, they will not be able to claim Pension Credit, but will have to claim Universal Credit.

Who can claim

Universal Credit can be claimed by:

- Single people and couples on a low income
- People in and out of work
- People with and without children
- People who are unable to work due to sickness or disability
- Carers
- People not in education (although some people in education can claim)
- People with capital of £16,000 or less

Claimants need to meet the residence conditions.

Amount of Universal Credit

Universal Credit is made up of a standard allowance plus potentially five elements (see Appendix), depending upon the claimant's circumstances. The five elements are:

- Child Element/Disabled Child Additions
- Childcare Costs Element
- Carer Element
- Limited Capacity for Work Element
- Housing Costs Element

Each of the elements has its own qualifying conditions:

- The carer's element will be paid to someone who has 'regular and substantial' caring responsibilities for someone who is severely disabled - usually the carer will be in receipt of Carers Allowance.
- The childcare costs element is paid for children up to age 16 if they are in formal childcare, e.g. registered childminder, nursery, after school club. There is no set number of hours of work needed to qualify. However, if it is a joint claim, both claimants must be in paid work. 63% of these eligible costs will be met, up to a maximum (see Appendix).
- The housing costs element may be included if a claimant is liable to pay rent or mortgage*, and some service charges. An owner-occupier is not entitled to the housing costs element if in paid work. There will be a "qualifying period of 39 weeks" for owner-occupiers and there is maximum ceiling of £200,000 on the amount of the eligible loan. Deductions will not be made for any "non-dependants" living with the claimant who is an owner-occupier. For Social Housing and Private tenants, deductions from housing costs may be made for non-dependants. For Social Housing tenants, the housing costs element may be reduced if the home is deemed to be "under-occupied (under the "Bedroom Tax").

*Please note that help Support for Mortgage Interest (SMI), is now paid as a loan. You'll need to repay the money you get with interest. when you sell or transfer ownership of your home

Discretionary Housing Payments may be made if Universal Credit does not cover all the eligible housing costs and the Local Authority accepts that the claimant will need further financial help.

How income and savings are treated

Claimants with savings of more than £16,000 are not able to claim and tariff income applies to savings between £6,000 and £16,000. Tariff income is; that for every £250, or part of £250, over £6,000; an income of £4.35 per month is assumed for each £250 and added to the claimant's unearned income.

The net earnings of claimants who are working, less the applicable 'work allowance' (See Appendix), is subject to a 55% taper rate. Claimants who are

self-employed on a low income will be treated as though they are earning the Minimum Wage for their age. Other income, such as Carer's Allowance, or spousal maintenance, is taken into account. However, Disability Living Allowance, Personal Independence Payment, Child Benefit are disregarded. However Child Benefit is taken into account as an income for the benefit cap

There are different income disregards depending upon the claimant's circumstances.

How Universal Credit is calculated

The claimant's maximum entitlement is assessed by adding together the standard allowance and any elements the claimant is entitled to e.g. for children, disability etc. From that, income - other than earnings - is deducted e.g. contributory Employment and Support Allowance, Occupational Pension. Then 55% of earned income after the applicable disregard has been applied is deducted.

Universal Credit is capped at the level of average household earnings. From April 2022 this is, in the Greater London area: £1284.18 month {£296.35 a week} for a single person; and £1916.67 month {£442.31 a week} for a couple or lone parent.

Some claimants are exempt from the benefit cap. This includes people receiving Disability Living Allowance, or Personal Independence Payment, or War Pension.

Being a carer does not necessarily mean that the claimant is exempt from the benefit cap. If the carer or their partner is getting Disability Living Allowance or Personal Independence Payment they are exempt.

Claimants who are transferred from the old system to Universal Credit will have transitional protection. Whereby they will receive the same amount of money they are receiving on the old system, unless their circumstances change, until the Universal Credit rate catches up with the amount the claimant is being paid.

Payment of Universal Credit

It will normally be paid as a single payment each month in arrears on the Assessment date into a designated bank account. There will also be a "waiting period of 7 days" before payment is made into the designated Bank Account. This means it will usually take five weeks for the first payment.

Looking for work

The claimant must accept a 'claimant commitment', otherwise Universal Credit is not paid. The claimant commitment is a contract between the claimant and the DWP. It sets out the claimant's work-related requirements whilst getting benefit and depends upon the claimant's circumstances. Each member of a couple is given a personalised set of conditions.

There are four conditionality groups, and people on low income, as well as those who are not in work, may be required to look for better paid work. The groups are:

- No work-related requirements
- Work-focused interviews
- Work-focused interviews and work preparation
- All work-related requirements, which includes being available for and looking for work, as well as the other requirement above.

Claimants who do not meet the conditions of their 'claimant commitment' may be sanctioned. Limited hardship payments may be available if a claimant is sanctioned.

People caring for a severely disabled person for at least 35 hours per week will have no work-related requirements, as will lone parents with a child under one.

Benefits Cap

The benefit cap is a limit on the total amount of benefit that most claimants aged 16 to State Pension Age can receive.

The amount a household receives from some benefits might go down to make sure they do not receive more than the cap limit. The benefit cap affects:

- Bereavement Allowance
- Child Benefit
- Child Tax Credit
- Employment and Support Allowance
- Housing Benefit
- Incapacity Benefit
- Income Support
- Jobseeker's Allowance
- Maternity Allowance
- Severe Disablement Allowance
- Widowed Parent's Allowance (or Widowed Mother's Allowance or Widow's Pension if you started getting it before 9 April 2001)
- Universal Credit

Claimants are not affected by the cap if they or their partner:

- work enough hours to get Working Tax Credit (even if the amount you get is £0)
- are over Pension Credit age
- get Universal Credit because of a disability or health condition that stops you from working (this is called 'limited capability for work and work-related activity')
- get Universal Credit because you care for someone with a disability
- get Universal Credit and you and your partner earn more than £542 a month combined, after tax and National Insurance contributions

Claimants are also not affected by the cap if they, their partner or any children under 18 living with them receives:

- Armed Forces Compensation Scheme
- Armed Forces Independence Payment
- Attendance Allowance
- Carer's Allowance
- Disability Living Allowance (DLA)
- Employment and Support Allowance (if you get the support component)
- Guardian's Allowance
- Industrial Injuries Benefits (and equivalent payments as part of a War Disablement Pension or the Armed Forces Compensation Scheme)
- Personal Independence Payment (PIP)
- War pensions
- War Widow's or War Widower's Pension

A claimant will not be affected by the benefit cap if they work and have monthly take-home pay of at least £658.00.

If a claimant earns this amount for at least 12 months but then lose their job or reduce their hours the benefit cap will not apply for a 9-month 'grace period'.

Other Benefits

Universal Credit may entitle claimants to budgeting advances, free NHS prescriptions, dental/optical treatment, housing grants and free school meals.

How to Claim

There are no paper claims. Claims are made and managed on-line at: www.gov.uk/universal-credit Those people who are unable to use a computer can claim on the telephone, or in person at a local office or via contacting Citizens Advice*

Universal Credit Helpline - Telephone: 0800 328 5644 {Textphone: 0800 328 1344}

Recent Updates to Universal Credit

Universal Credit – help to claim service* {from Citizens Advice}

Help to Claim advisers can help you with the early stages of a Universal Credit claim. You can talk to them on the phone, or through digital channels

Advisers can help you:

- work out if you can get Universal Credit
- Assist with the online application
- check your first payment is correct

Call: Freephone 0800 144 8 444 8am to 6pm Monday to Friday

You can find more information on Universal Credit on the Citizens Advice website. <https://www.citizensadvice.org.uk/>

ADVICE & HELP

London Borough of Havering

Welfare Rights Unit Advice Line

Leave your name and phone number. We'll then call you to discuss your benefit issue.

01708 434444

Email WelfareRightsUnit@haverling.gov.uk

Citizen's Advice Havering

Telephone Advice

Local Number - 0300 330 2179

Monday, Wednesday, and Friday: 10 am - 12:30 pm

Tuesday 10 am - 4 pm

Thursday 1 pm - 3:30 pm

Email Advice

On the website, click on the Email Advice button and selecting the area you would like advice on

www.haverlingcab.org

Face-to-face (appointment only)

You can book 30 minute appointments at the local hubs at Harold Hill and Rainham - with the following links;

https://bit.ly/Book_CitizensAdvice_HaroldHill

https://bit.ly/Book_CitizensAdvice_RainhamLibrary

All benefits have complex rules and exclusions. Information provided here is as a guide only rather than a full statement of the rules and regulations. Information provided by Welfare Rights Unit, London Borough of Havering, at April 2022.

APPENDIX

UNIVERSAL CREDIT 2021 (monthly rates)

Universal Credit Minimum Amount	0.01
Universal Credit Amounts	
Standard allowance	
Single under 25	265.31
Single 25 or over	334.91
Couple	
Joint claimants both under 25	416.45
Joint claimants, one or both 25 or over	525.72
Child element	
First child	290.00
Second/ subsequent child	244.58
Disabled child additions	
Lower rate addition	132.89
Higher rate addition	414.88
Limited Capability for Work element	132.89
Limited Capability for Work and Work-Related Activity element	354.28
Carer element	168.81
Childcare costs element	
Maximum for one child	up to 646.35
Maximum for two or more children	1108.04
Per cent of actual childcare costs	85%
Non-dependants' housing cost contributions	77.87
Work allowances	
Higher work allowance (no housing element)	
One or more dependent children or with limited capability for work	573.00
Lower work allowance	
One or more dependent children and limited capability for work	344.00
Taper	55%
Assumed income from capital for every £250 or part thereof, between capital disregard and upper capital limit	4.35