

## UNIVERSAL CREDIT (UC)

### 1. What is universal credit?

Universal credit is a new means-tested benefit that will eventually replace the following current means-tested benefits:

- child tax credit;
- housing benefit;
- income-related employment and support allowance;
- income-based jobseeker's allowance;
- income support; *and*
- working tax credit

Other benefits (eg disability living allowance and personal independence payment) will remain largely unchanged by the new system.

Universal credit is being phased in over time (see paragraph 10 below) and the current benefits will not disappear for some years.

Universal credit may entitle you to budgeting advances, free prescriptions and dental treatment, housing grants, free school meals and help with hospital fares.

### 2. Who can claim universal credit?

To claim universal credit you will need to satisfy certain basic qualifying conditions. You must:

- be 18 or over (or aged 16 or 17 in certain cases);
- be under the qualifying age for pension credit (this is being raised from 60 to 66 between April 2010 and October 2020);
- be in Great Britain - see below;
- not be subject to immigration control;
- not be in education - see below; *and*
- have accepted a '*claimant commitment*' - see paragraph 3 below.

In addition, you (and your partner if you are making a 'joint claim' - see below) must not have capital of more than £16,000 and any earnings or income you have must not be too high for any universal credit to be paid. See paragraph 4 below for the calculation.

#### How do you claim?

Most claims will be made online (there may be alternative ways of claiming in exceptional circumstances). Also, whenever you make a claim, checks will be made to see if you are entitled to contributory benefits such as contributory new style employment and support allowance or contribution-based new style jobseeker's allowance.

If you need help you can call the Universal Credit helpline on:

Telephone 0800 328 5644

Textphone 0800 328 1344

## Joint claims

If you have a partner (including a same-sex partner), you need to make a *'joint claim'* for universal credit. In a joint claim, you and your partner must usually meet all the basic qualifying conditions above. However, you can still make a joint claim if one of you is over pension credit qualifying age or in full-time education (as long as you both satisfy all the other basic conditions).

## In Great Britain

To claim universal credit you must:

- be present in Great Britain (GB); *and*
- be habitually resident and have the right to reside in the UK, Channel Islands, Isle of Man or the Republic of Ireland.

*'Present'* means physically present in the GB. There are specific rules that may allow you to be treated as present during a temporary absence.

The term *'right to reside'* is not defined but is dependent on your immigration status and nationality. You might have a right to reside under United Kingdom rules, European Union law or because you are a British citizen.

The *'habitual residence'* test is a test to see which country you normally live in. The test will be applied if you have been living abroad.

## In education

You will not normally be able to claim universal credit if you are undertaking a course of full-time advanced education. However, you may be able to claim universal credit even if you are receiving such education if you are entitled to attendance allowance, disability living allowance or personal independence payment and you have been assessed as having a limited capability for work (see 5 below).

For further information and the support that is available for disabled students, please contact the [Disabled Students Helpline](#):

Tel: 0330 995 0414

Tues 11am-1pm & Thurs 11am-1pm

Email: <mailto:students@disabilityrightsuk.org>

## 3. Your responsibilities

To qualify for universal credit, you may need to meet certain work-related conditions, known as *'requirements'*. These are recorded in a *'claimant commitment'*. You are likely to incur sanctions (where your universal credit is reduced) if you fail to meet a work-related requirement. Limited hardship payments may be available if you are sanctioned. In certain circumstances none of the work-related requirements will apply to you (see below).

### The work-related requirements

There are four different types of requirement:

- work-focused interview requirement;
- work-preparation requirement;
- work-search requirement; *and*
- work availability requirement.

Your circumstances will determine which of these applies to you.

### **The work-focused interview requirement**

This is a requirement that you take part in one or more work-focused interviews. These are designed to assess your prospects and assist or encourage you to move into or stay in work.

### **The work-preparation requirement**

This is a requirement that you take action to improve your chances of getting work. This can include taking part in training or an employment programme or undertaking work experience.

### **The work-search requirement**

Here you are required to take all reasonable action to obtain paid work (or more work if you are already working part time). This can include:

- searching for work;
- applying for jobs;
- creating and maintaining an online profile
- registering with employment agencies; *and*
- seeking references.

You will be expected to search for work for a minimum amount of time each week. This is usually set at a minimum of 35 hours, although the Department for Work and Pensions (DWP) may agree to a reduced time if you have caring responsibilities or a physical or mental impairment. Similarly, you will be expected to look for work of at least 35 hours a week; again the DWP can agree to restrictions taking into account any caring responsibilities or impairment you may have.

### **The work-availability requirement**

You are normally required to be able and willing to take up paid work (or more work if you are already working part time) immediately; you must also be able and willing to attend a job interview immediately.

However the DWP can allow you up to one month to take up paid work, and up to 48 hours to attend a job interview, so that you can make alternative care arrangements, if you are caring for a child or someone with a 'physical or mental impairment'.

The DWP can allow you up to one week to take up paid work, and up to 48 hours to attend a job interview, if you are carrying out voluntary work.

Where your '*physical or mental impairment has a substantial adverse effect*' on your ability to carry out work of a particular nature or in a particular place, you cannot be expected to be available for such work or in such a place.

### **When do none of the work-related requirements apply?**

In certain circumstances, none of the work-related requirements will apply to you. This will be the case if you:

- have been assessed in the work capability assessment as having a ‘limited capability for work-related activity’ (for more information see our [guide to employment and support allowance](#));
- are responsible for a child under the age of one; *or*
- have regular and substantial caring responsibilities for a severely disabled person.

Other categories apply. For more details contact an adviser on 01736 759500.

#### **4. How much is universal credit?**

The amount of universal credit you are paid depends on your circumstances. It is worked out on a monthly basis by comparing your financial needs with your financial resources. Set amounts for different financial needs are added together to arrive at a figure called your ‘*maximum amount*’. This is the basic amount the law says you need to live on each month. From this figure amounts are deducted for any earnings and other income you receive (see below). The resulting amount will be your universal credit for that month. This may be restricted by the ‘*benefit cap*’ (see paragraph 8 below).

##### **The maximum amount**

The maximum amount is made up of a ‘*standard allowance*’ and ‘*elements*’, paid to cover different needs. The elements are:

- child element;
- housing costs element;
- limited capability for work element;
- carer element; *and*
- childcare costs element.

These are described in paragraphs 5 and 6 below.

##### **The standard allowance**

This is the basic allowance, which is always included in your maximum amount. The amount you are entitled to depends on your age and whether you are claiming as a single person or jointly:

- single claimant aged under 25 - (£251.77 from April 2019)
- single claimant aged 25 or over - (£317.82 from April 2019)
- joint claimants both aged under 25 - (£395.20 from April 2019)
- joint claimants where either is aged 25 or over - (£498.89 from April 2019)

##### **Earnings**

The calculation of your earnings is based on a net figure after tax, national insurance contributions and any contribution you make to an occupational or personal pension scheme have been deducted. Employer-paid benefits (such as statutory sick pay or statutory maternity pay) are treated as earnings.

You are allowed to keep some of your earnings up to a certain limit before your universal credit is affected; the limit is known as the ‘*work allowance*’ (see 7 below). Earnings in excess of the work allowance that applies in your case will reduce your universal credit by 63 pence in the pound.

## Income other than earnings

If you have income other than earnings, such as other benefits, these will usually be taken into account in full, so that your universal credit is reduced pound for pound. Some benefits are disregarded in full, for example disability living allowance, attendance allowance and personal independence payment.

## Capital and savings

The capital limit for universal credit is £16,000, whether you are single or a couple. If you have savings or capital over £16,000, you cannot get universal credit. If your capital is between these limits, it is treated as yielding a monthly income of £4.35 for each £250 (or part of £250) above the lower limit of £6,000. For instance, if you have capital of £6,300, it is treated as yielding a monthly income of £8.70.

If you have savings or capital under £6,000, this will be disregarded.

## 5. The elements

### The child element

This will be included in your maximum amount if you are responsible for a child or qualifying young person who normally lives with you:

- each child, up to a maximum of two children or qualifying young persons, if you make a claim or have a child born on or after 6 April 2017 - (£231.67 for each child from April 2019) (with exceptions)
- each other child or qualifying young person claimed for before 6 April 2017 - (£277.08 for the first or eldest child/qualifying young person and £231.67 for each other child from April 2019)

A *'qualifying young person'* is someone aged 16 to 18 (or 19 in some cases) who has enrolled on a course of full-time non-advanced education or approved training, who is not getting an existing means tested benefit (such as income related employment and support allowance).

An additional amount is included for each child or qualifying young person who is disabled. It is set at two different levels:

- a higher rate - (£383.86 from April 2019) for a child/qualifying young person who is entitled to the highest rate of the care component of disability living allowance (DLA), the enhanced rate of the daily living component of personal independence payment (PIP) or who is certified as severely sight impaired or blind by a consultant ophthalmologist, or has ceased to be certified in the past 28 weeks; *and*
- a lower rate - (£126.11 from April 2019) for a child who is entitled to any other rate of DLA or PIP.

### The work capability element

This will be included in your maximum amount if you have:

- a limited capability for work - (£126.11 from April 2019)
- a limited capability for work and work-related activity - (£328.32 from April 2019)

The tests for these are the same as those for the work capability assessment for employment and support allowance (the 'limited capability for work' and 'limited capability for work-related activity' tests). For more information, see our [guide to employment and support allowance](#).

## **The carer element**

A carer element of (£156.45 from April 2019) will be included in your maximum amount if you have *'regular and substantial caring responsibilities'* for a severely disabled person. You are considered to have such responsibilities if you would be entitled to carer's allowance (see our [guide to carer's allowance](#)), although you do not have to actually claim that allowance.

You are not normally entitled to this element as well as the work capability element (see above) if you would otherwise be eligible for both; only the highest paid element will be included in your maximum amount. However, if you have a limited capability for work and your partner is a carer, both elements could be payable.

## **The childcare costs element**

This will be included in your maximum amount if you pay for registered child care in order to stay in work. There is no set number of hours you need to work to get this element. You will get 85% of your relevant childcare costs met, up to a maximum amount of:

- £646.35 for one child
- £1108.04 for two or more children

If you are claiming jointly, your partner must also be in paid work, unless they are unable to look after the child because they:

1. have a limited capability for work;
2. have regular and substantial caring responsibilities for a severely disabled person; or
3. are temporarily absent from your household (ie are in prison, hospital or residential care).

Generally the childcare must be provided by someone who is registered for child care or an equivalent. Relevant childcare is not care provided by a close relative wholly or mainly in your home or care you provide as a foster carer.

## **6. The housing costs element**

A housing costs element may be included in your maximum amount if you pay rent or have a mortgage. The element can also cover certain service charges related to these payments.

### **Owner-occupiers**

If you are an owner-occupier, the housing costs element may cover mortgage interest on loans secured on your property. There is normally a ceiling of £200,000 on the amount of loan that can be covered; this does not apply in the case of any loan taken out for the purpose of adapting your property to the needs of a disabled person.

There will normally be a *'qualifying period'* of nine months before you can be paid this element. You will not be entitled to the element if you are in paid work. Deductions will not be made from the element because you have non-dependants living with you. (A non-dependant is someone who lives with you who is not your partner, a child or young person for whom you are responsible, a joint tenant, boarder, lodger or sub-tenant.)

From April 2019, the payments towards mortgage interest will be replaced by 'support for mortgage interest' (SMI) loans. These must be repaid with interest once your property has been sold. The SMI loans may be secured by a charge on your property. You do not need to accept an offer of these loans; the scheme is voluntary. If you are already getting your mortgage interest

covered by your universal credit, the DWP should contact you by February 2018 to offer the SMI loans; you will not be able to stay on the existing system of support.

### **Private tenants**

If you are a private tenant, your housing costs element will depend on where your home is situated and the number of rooms you are deemed to need in the same way as the current housing benefit scheme. Deductions will be made from the element if you have non-dependants living with you; again, the rules are similar to those in the current housing benefit scheme. For more information, see our [guide to housing benefit](#).

### **Social housing tenants**

If you are renting social housing (from your local authority or from a housing association), your housing costs element may be reduced if the property you rent is considered to be under occupied. For guidance on this, contact us on 01736 759500. Deductions will be made from the element if you have non-dependants living with you.

If you are in '*specified accommodation*' (eg a refuge if you are fleeing domestic violence or accommodation where care, support or supervision is provided to you), your housing support will still be paid as part of housing benefit rather than as part of universal credit. For more information on housing benefit, see our [guide to housing benefit](#).

### **Discretionary housing payments**

You may be able to get '*discretionary housing payments*' if your universal credit does not cover all your housing costs and your local authority accepts that you require some further financial assistance.

You must claim a DHP from your local authority; most local authorities will have a form on which to claim. You can view the *Discretionary Housing Payments Guidance Manual* at [www.dwp.gov.uk/docs/discretionary-housing-payments-guide.pdf](http://www.dwp.gov.uk/docs/discretionary-housing-payments-guide.pdf).

## **7. The work allowance**

When your earnings are being assessed in the universal credit calculation (see paragraph 4 above) some can be disregarded by applying a '*work allowance*'. This is a set monthly figure, which varies according to your circumstances.

There are different rates, divided into two bands: the '*lower work allowance*' and the '*higher work allowance*'. The lower work allowance will apply to you if you are entitled to the housing costs element (see paragraph 6 above). The higher work allowance will apply to you if you are not entitled to the housing costs element. If more than one circumstance applies to you, only one rate will apply - whichever is highest.

### **Lower work allowance**

#### **Single claimant**

- You are not responsible for a child (or qualifying young person; see paragraph 5 above) - £0
- You are responsible for one or more children/qualifying young people - £192
- You have a limited capability to work - £192

#### **Claiming jointly with your partner**

- Neither of you are responsible for a child/qualifying young person - £0

- You are responsible for one or more children/qualifying young people - £192
- One or both of you has a limited capability to work - £192

### **Higher work allowance**

#### **Single claimant**

- You are not responsible for a child/qualifying young person - £0
- You are responsible for one or more children/qualifying young people - £397
- You have a limited capability to work - £397

#### **Claiming jointly with your partner**

- Neither of you are responsible for a child/qualifying young person - £0
- You are responsible for one or more children/qualifying young people - £397
- One or both of you has a limited capability to work - £397

## **8. The benefit cap**

There is a cap on the total amount of benefits, including universal credit, which you can claim. It is £1,666.67 a month if you are a lone-parent or a joint claimant, or £1,116.67 a month if you are single and have no children. Benefits that are taken into account when calculating the cap include:

- bereavement allowance and widowed parent's allowance;
- child benefit;
- employment and support allowance
- jobseeker's allowance; *and*
- maternity allowance.

The benefit cap will not apply if you, your partner or dependent child are getting certain benefits, including attendance allowance, disability living allowance or personal independence payment. Nor will it apply if you one of the limited capability for work elements has been included in your universal credit award (see paragraph 5 above).

The benefit cap will not apply if your monthly earnings after tax and national insurance (or combined earnings before tax if you are in a couple) are at or above the 'earnings exemption threshold', currently £520.

You are also exempt from the cap if:

- anyone in your household is entitled to carers allowance
- a carer element is included in your universal credit award
- anyone in your household is entitled to guardian's allowance

There is a '*grace period*' of nine consecutive months, when you will not be capped, if you were working for a year and your earnings (or joint earnings) for each month were at or above the earnings exemption threshold that applied at that time This grace period starts from the day after you finished working, regardless of when your universal credit claim starts. For example, if you finish work on June 21<sup>st</sup> 2017 and claim universal credit in September 2017, your nine months starts from June 22<sup>nd</sup> 2017.



## 9. Payment of universal credit

Normally, your universal credit will be paid in arrears as a single payment each month. If you have a partner; you can choose who receives the payment. Alternative payment arrangements (eg bi-monthly payments) would only be made if the DWP considered that you could not manage with a single monthly payment; such arrangements would usually only be made for a temporary period.

You may not get your first payment until 5 or 6 weeks after you claim Universal Credit. If this is likely to cause you hardship you can ask for a short-term advance payment. This is a loan which you will normally have to pay back within three months by automatic deductions from your Universal Credit payments. You can ask for an advance payment when you have your universal credit interview or you can call the universal credit helpline.

## 10. Transitional protection

You will not lose out immediately when you are moved onto universal credit if your circumstances remain the same. You will get '*transitional protection*' if your universal credit is less than what you would get under the old system. This will be an extra amount to make up the difference between the old and the new. You will continue to get this until you are entitled to receive more under universal credit than under the old benefits (which could mean your universal credit is effectively frozen for several years). The transitional protection may be terminated if your circumstances change (eg if you separate from your partner or become a partner). The amount you receive will still be affected by the benefit cap rules (see paragraph 8 above).

If you need any further support or information please contact DIAL on 01736 759500 or you can refer directly to the link below:

[www.disabilityrightsuk.org](http://www.disabilityrightsuk.org)

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