

WELFARE REFORMS



Universal Credit (UC) - Factsheet

What is Universal Credit?

The Government's welfare reforms will introduce a new Universal Credit (UC) which will provide both in and out of work support for working-age claimants. The new system aims to simplify the benefit system and increase work incentives for those who are unemployed or working part-time.

What benefits will Universal Credit replace?

UC will replace Income Support, Income Based Job Seekers Allowance/ Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit. This means that only one claim will need to be made and only one payment will be made.

Note

UC will not include Disability Living Allowance (DLA) or Carer's Allowance. Measures in the Welfare Reform Bill will replace DLA with Personal Independence Payments, which will also be excluded from the UC.

Who will be affected?

Households of working age who claim in-work or out of work benefits.

When will people be transferred to Universal Credit?

Universal Credit will be rolled out in three phases from October 2013 until the end of 2017.

Phase 1 (October 2013 to April 2014) will see all new claims to current benefits and credits phased out. New claims to Housing Benefits and Tax Credits will be the last to end in April 2014. Existing claimants who experience a change in circumstance, such as the birth of a child, will also be migrated to the Universal Credit in this period.

Phase 2 (April 2014 until the end of 2015) will see existing claimants whose circumstances have not changed begin to be migrated. It is expected that the majority of these households will either have people in part-time work or be economically inactive. Wherever possible, households whose work behaviour is most likely to benefit from Universal Credit will be prioritised.

Phase 3 (end of 2015 to end of 2017) will see all remaining households transferred to Universal Credit. This will be phased geographically, allowing each local authority to withdraw from housing benefit administration at a set point, rather than continuing to manage a handful of claims until the end of 2017.

Who is eligible to claim Universal Credit?

UC can be awarded to single people or couples with or without children. Claimants must meet the following basic conditions:

- Be at least 18 years old, but under the qualifying age for pension credit
- Reside in Great Britain
- Not in further or higher education
- Have accepted a 'claimant commitment'

Claimants must also satisfy certain financial conditions. Entitlement to UC will depend on both the claimant's and partner's income and capital. UC will not be payable if either one is above a certain limit. The capital limit has not yet been set, but is likely to be £16,000.

In addition in order to receive UC a claimant must accept a '**claimant commitment**'. This sets out the general expectations of and requirements placed upon them. Where appropriate, this will include work-related requirements; it will also set out any sanctions for failing to meet these requirements and will be reviewed on a regular basis.

How will claims to Universal Credit be made and managed?

UC will be administered by a single agency in the Department of Work and Pensions (DWP). This is different from the current system where benefits are administered through different agencies i.e. DWP, HM Revenue and Customs and local authorities.

Claiming UC will be different to the way benefits are currently claimed benefits. It is being designed so that each claimant can make a claim online and then personally manage their claim directly through an online account.

It is expected that when UC is introduced in 2013, 50% of applications will be made online. This is expected to rise to 80% by the end of the roll out period in 2017

Wherever possible, the DWP want claimants to notify them via their online account of any relevant information and changes of circumstance as soon as possible after the change occurs.

For claimants who are working HM Revenue and Customs online employer system will automatically pass information about their earnings to their UC account. This means that their UC entitlement will be automatically reassessed therefore the claimant won't need to tell UC about every change in their earnings.

What about claimants who cannot get online or use a computer?

Claimants who cannot access the internet or use a computer will be helped to complete their online claim for UC. For claimants who require a little bit more support, face to face help and a one to one telephone service will be available and an adviser will complete an online form on the claimant's behalf, checking for accuracy as they proceed.

The DWP and the Local Government Association have been working together on pilot schemes for the development of UC. These pilots commenced in September 2012 and will offer face to face assistance in completing claims. They will ensure that local authorities are ready to support claimants in preparing for the implementation of Universal Credit from 2013. 12 local authorities have been chosen to take part in the pilots including Caerphilly and Newport in Wales.

How is a Universal Credit payment calculated and what does it include?

UC is made up of a standard allowance to reflect general needs and potentially five elements to reflect more specific needs as any award is based on a claimant's personal/household circumstances. (This is similar to the way personal allowances and premiums are currently assessed).

The Five elements are

1. Child Element/Disabled child additions
2. Childcare element
3. Carer element
4. Limited Capability for Work Element
5. Housing Element

The specific amounts for each element will be set out in regulations.

How is Income and capital treated for Universal Credit?

There is some simplification from the current rules used to calculate income related benefits, mainly in the treatment of income from boarders and sub tenants and some greater complexity, mainly in the treatment of earnings disregards.

As currently income related benefits therefore, income is broken down into three types,

- Income from earnings
- Unearned income and
- derived income from capital

each of which is subject to different arrangements.

How will payments of Universal Credit be made?

In most cases UC will be paid in a single monthly payment (in arrears) directly to the claimant. This is intended to help people budget effectively and reflect the world of work, where 75% of all employees receive wages monthly. It is hoped that this will help smooth the transition into monthly paid work, encourage claimants to take personal responsibility for their finances and to budget on a monthly basis which could save households money. For example, monthly direct debits for household bills such as fuel bills are often cheaper than more frequent billing options.

The Government is exploring access to financial products for those on low incomes and is working with providers of financial services, the British Bankers and Building Society Associations, credit unions and the Post Office to help people budget effectively with a monthly payment.

Are there any circumstances when Universal Credit will be paid to a third party e.g. the landlord?

The DWP acknowledges that in exceptional cases a single monthly payment may not be suitable. In some cases split payments may be made e.g. vulnerable tenants will still be able to have the housing element of UC paid direct to their landlord. The definition of vulnerable has yet to be determined.

Five demonstration projects are currently running until June 2013 in order to prepare landlords for the changes and test different ways of supporting tenants. The projects include:

- Payments to tenants as the default
- Adopting the payment frequency envisaged under Universal Credit (monthly payments in arrears)
- Safeguards to pay the landlord directly where arrears reach a particular level.

Note-Torfaen is taking part in one of the projects in partnership with Bron Afon and Charter.

Any early lessons learnt from these projects will be taken on board as UC proposals are developed.

What about housing benefit for older people?

Universal Credit is a working-age benefit and pension credit will remain for those over the qualifying age. In the future, housing benefit will be rolled into pension credit; however, the exact details of how this will work have yet to be announced. This isn't expected to happen until 2014.

Where to go for more information

You can get more information at www.direct.gov.uk Directgov provides information on public service in one place including up to date information on the Housing Benefit changes.

Your Landlord may also be able to advise you whether it is a realistic option for you to move to smaller accommodation.

Local Help- Citizens Advice Bureau

The Citizens Advice service provides a wide range of confidential advice.

The local contact details for the Citizen's Advice Bureaus in Torfaen and Monmouthshire are:

Torfaen Citizens Advice Bureau Castle Mews George Street PONTYPOOL Torfaen NP4 6BU Tel 08444 772020	Torfaen Citizens Advice Bureau 43a. 44 & 45 Gwent Square CWMBRAN Torfaen NP44 1PL Tel: 08444 772020
Abergavenny Citizens Advice Bureau 26a Monk street Abergavenny Tel: 0844 477 2020	Chepstow Citizens Advice Bureau The Gate House, The High Street Chepstow Tel: 0844 477 2020
Caldicot Citizens Advice Bureau 5a Church Road Monmouthshire Tel: 08444 77 20 20	Monmouth Citizens Advice Bureau 23a Whitecross Street Monmouth Tel: 08444 77 20 20

Our Contact details

If you need more help, please contact us.

TORFAEN RESIDENTS should contact TELEPHONE: 01495 766430 or 01495 766570 E-MAIL: benefits@torfaen.gov.uk	MONMOUTHSHIRE RESIDENTS should contact TELEPHONE: 01633 644650 or 01633 644655 E-MAIL: benefits@monmouthshire.gov.uk	
OUR ADDRESS- Shared Benefit Service Level 3, Civic Centre Pontypool Torfaen NP4 6YB		
IN PERSON at any of our One Stop shops or Customer Centres		
ABERGAVENNY (open normal office hours) Cross Street, Abergavenny NP7 5HD	CHEPSTOW (open normal office hours) Manor Way, Chepstow NP16 5HZ	CALDICOT (open normal office hours) Woodstock Way, Caldicot NP26 5DB
MONMOUTH (open normal office hours) Priory Street, Monmouth NP25 3XA	PONTYPOOL (open normal office hours) Level One Civic Centre, Pontypool NP4 6YB	CWMBRAN (open normal office hours) 1-2 General Rees Square Cwmbran NP44 7NX
BLAENAVON (Tuesday to Friday 9.30 am to 2.30pm) Blaenavon World Heritage Centre Church Road Blaenavon NP4 9AS		