

Universal Credit

The Government announced its intention to reform the current benefits system to make it fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency. It also committed to continuing to support the most vulnerable in society. The result is **Universal Credit**. Universal Credit was launched in Northern Ireland in September 2017 and is being phased in on a geographical basis from **September 2017** to **December 2018**. This factsheet gives an overview of the new benefit and explains how current and future benefit claimants will be affected.

1. What is Universal Credit?

Universal Credit is a benefit for people of working age, who are in or out of work. It is designed to make sure that people are better off in work than on benefits and to give people support to prepare for work, start work or earn more money. It combines the current means-tested support for adults of working age and children into one benefit. The benefits that are being replaced by Universal Credit are:

- Child Tax Credit
- Working Tax Credit
- Housing Benefit
- Income-related Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Parts of the Social Fund.

Therefore, if you are a lone parent, sick or disabled, a carer, unemployed or in low paid work and need help with living expenses, including your rent or mortgage, the means-tested benefit you will claim will be Universal Credit once it is launched in your area. The structure is intended to be much simpler than that of the current system where separate benefits, which often overlap, are administered by different agencies, with different premiums and different ways of taking earnings into account.

Other benefits will remain outside of Universal Credit, but some are also being reformed. Benefits which are not being replaced by Universal Credit include:

- Attendance Allowance
- Bereavement Benefits
- Carer's Allowance
- Child Benefit
- Contributory Employment and Support Allowance
- Contributory Jobseeker's Allowance
- Council Tax Benefit/Rates Relief
- Disability Living Allowance
- Industrial Injuries Disablement Benefit
- Maternity Allowance
- Parts of the Social Fund
- Pension Credit
- Personal Independence Payment
- Statutory Maternity Pay
- Statutory Sick Pay
- War Pensions.

2. When will Universal Credit be introduced?

Universal Credit is now being rolled out in Northern Ireland. Universal Credit was introduced in October 2013 in England, Scotland and Wales. Universal Credit will initially apply to new claims only. It will be phased in over several years for existing benefit and Tax Credit recipients. In Northern Ireland, following an agreement with the Executive, the Welfare Reform (Northern Ireland) Act was passed into legislation, delaying the roll out of Universal Credit, which started to phase in from September 2017.

For new claimants: Universal Credit is being introduced for new claims on a phased geographical basis from **September 2017** to **December 2018**. The planned approach has been set out by the Department for Communities:

Week commencing	Jobs & Benefits / Social Security office
27-Sep-17	Limavady
15-Nov-17	Ballymoney
13-Dec-17	Magherafelt and Coleraine
17-Jan-18	Strabane and Lisnagelvin
07-Feb-18	Foyle and Armagh
21-Feb-18	Omagh and Enniskillen
07-Mar-18	Dungannon and Portadown
16-May-18	Downpatrick and Newry
30-May-18	Kilkeel, Lurgan and Newcastle
13-Jun-18	Falls and Shankill

27-Jun-18	Andersonstown and Banbridge
05-Sep-18	Hollywood Road and Ballynahinch
19-Sep-18	Newtownabbey and Newtownards
03-Oct-18	Shaftesbury Square and Carrickfergus
17-Oct-18	Knockbreda and Bangor
31-Oct-18	Lisburn and Larne
14-Nov-18	North Belfast and Cookstown
05-Dec-18	Ballymena and Antrim

When it is introduced in your area, you will no longer be able to make a new claim to the benefits being replaced and you will need to claim Universal Credit instead.

For people already in receipt of benefits: If you currently receive any of the benefits that are being replaced by Universal Credit you will be transferred to Universal Credit between **July 2019** and **March 2022**. However, if your circumstances change after Universal Credit has been introduced in your area you may find that you are moved to Universal Credit at that time. The Department for Communities will contact you to guide you through the steps you need to take when your claim is ready to move to Universal Credit.

3. Who can claim Universal Credit?

To claim Universal Credit you must:

- be at least 18 years old
- be under the qualifying age for Pension Credit
- be in the UK
- not be in full-time education
- not have savings or capital over £16,000
- have accepted a claimant commitment.

If you have a partner you will have to make a joint claim for Universal Credit. If one of you is over Pension Credit age, or in full-time education, both of you will still have to claim Universal Credit. If one of you does not meet any of the above conditions they will be ignored for the purposes of calculating the Universal Credit maximum amount - although both of your savings/capital, income and earnings will be taken into account.

What if I am aged 16-17 years old?

You cannot get Universal Credit if you are aged 16–17 unless you:

- have dependent children

- are sick and satisfy the work capability assessment or are awaiting assessment
- are caring for a severely disabled person
- are pregnant (between 11 weeks and the expected due date) or have recently had a baby (up to 15 weeks after the birth)
- are without parental support.

What if I am a student?

You will not normally be able to claim Universal Credit if you are:

- in non-advanced education and someone can claim the child element of Universal Credit for you
- in advanced education
- a full-time student supported by a loan, grant or bursary
- undertaking any other course that is not compatible with your expected hours of work or any work-related requirements.

You will be able to claim as a student and not be ignored for the purposes of calculating the Universal Credit maximum amount if you:

- have dependent children or young persons
- are a foster parent
- are a disabled student
- have a partner who is entitled to Universal Credit
- are over the qualifying age for pension credit and you have a partner who is entitled to Universal Credit
- are in non-advanced education (up to age 21 or the end of the academic year/ course in which you reach age 21) and have no parental support.

Living in Great Britain

To claim Universal Credit you must:

- be present in the UK
- be habitually resident
- have the right to reside.

Capital Rules

The savings/capital limit for Universal Credit will be £16,000 whether you are single or part of a couple making a joint claim. If you have capital over £16,000, you cannot get Universal

Credit. If you have capital over £6,000, this will be treated as giving you an income, known as “tariff income”, of £1 per week for each complete £250 over £6,000. If you have capital under £6,000, this will be disregarded.

Claimant Commitment

As Universal Credit sets out to improve work incentives, there will be conditionality requirements set according to your individual capability and circumstances. You will be placed in one of four groups:

1. no work-related requirements
2. work-focused interview requirement only
3. work preparation requirement
4. all work-related requirements.

4. How much is Universal Credit?

Universal Credit is a ‘means tested’ benefit, therefore you will be awarded a Universal Credit maximum amount based on your level of income and other family circumstances. It will be payable if you are in or out of work, so the complicated rules that currently apply when people start and leave a job, including hours rules, will disappear, thus improving the incentive to work.

Certain claimants will have ‘transitional protection’ to ensure that, as they move from the existing benefits to Universal Credit, their benefit income is not lower than what they currently receive.

Universal Credit payments are worked out in three stages:

- **Stage 1: Standard Allowance**
This is an amount for you or you and your partner. There are four Standard Allowance rates. The amount you get will depend on your age and whether you are part of a couple.
- **Stage 2: Elements**
You may be entitled to an additional amount - known as an element - if, for example, you have children or need help with housing costs.
- **Stage 3: Assessing other income**
Your Universal Credit payment will be dependent on your other income such as any savings and capital and any other benefits you receive.

Standard Allowance

The four standard allowance rates are:

Your circumstances	Monthly standard allowance
Single and under 25	£251.77
Single and 25 or over	£317.82
In a couple and you are both under 25	£395.20
In a couple and either of you are 25 or over	£498.89

Elements

You may also be paid the following under Universal Credit:

- **Child element:** You will get this if you are responsible for a child or qualifying young person who normally lives with you. There is:
 - one rate for your first/only child (if born before 6 April 2017)
 - a lower rate for your second child/subsequent child/all children born on or after 6 April 2017, subject to the 'two child limit' (there may be some exceptional circumstances where you can also get the child element for your third or subsequent children)
 - a disabled child addition if you have a child who gets DLA (mobility or care) apart from the highest rate of the care component
 - a severely disabled child addition if you have a child who gets the highest rate of the care component of DLA
 - a severely disabled child addition if you have a child who is registered blind.
- **Childcare costs element:** You can get this if you pay for registered childcare in order to stay in work. There are no set number of hours you need to work to get this element. It will cover up to 85% of your registered childcare costs (up to £646.35 for one child and £1,108.04 for 2 or more children).
- **Capability for work elements:** You will get one of these if you satisfy the Work Capability Assessment (WCA). You can get either:
 - Limited Capability for Work element (LCW)
 - Limited Capability for Work Related Activity element (LCWRA).
- **Carer element:** You can get this if you are caring for a severely disabled person for at least 35 hours a week. You will not be allowed to get this element together with a capability for work element, even if you are eligible for both. You do not have to claim carer's allowance to get this element.
- **Housing element:** You may get this if you pay rent payments or have a mortgage. The element will also cover certain service charges related to these payments.

Benefit cap

Your total Universal Credit will be limited to £384.62 a week if you are a lone-parent or part of a couple, or £257.69 per week if you are single and you do not have children or your children do not live with you. There will be exceptions to the cap if anyone in the household qualifies for Working Tax Credit or gets any of the following benefits:

- Carers Allowance
- Disability Living Allowance, Personal Independence Payment or Attendance Allowance
- Armed Forces Independence Payment or Armed Forces Compensation Scheme
- Employment and Support Allowance Support Group
- Industrial Injuries Benefits
- War Widows or War Widowers pension
- War pensions.

Housing costs

If you are a private tenant or a social rented sector tenant your housing element will depend on the number of rooms you need, in the same way as the current Housing Benefit scheme. Under Universal Credit the same room restriction will apply. If you are an owner-occupier with a mortgage, there is a waiting (qualifying) period before you can be paid this element. If you are someone who has an “all work-related requirement”, you will only get the housing element for two years. You will not be paid a housing element if you are in paid work, although you may get an additional earnings disregard.

5. How do I apply?

The Government intends that all claims for Universal Credit will be made online. If you require support to complete an online application you can request this and will be invited in to your local Jobs & Benefits Office to receive assistance with your application.

6. How is it paid?

In Northern Ireland Universal Credit is paid twice a month to a household, however you can request a monthly payment. This is unlike in the rest of the UK where payments are made monthly and was part of the mitigation package secured for Northern Ireland. A household could be a single person, a couple or a family. If you are part of a couple you may request a split payment into separate bank accounts. If you make a successful claim for Universal Credit it may take between five and six weeks before you receive your first payment.

7. Earning disregards and tapers

Within Universal Credit, the key mechanism for making work pay will be a single taper to withdraw support as earnings rise and a new approach to the way earnings are disregarded through the introduction of a Work Allowance.

Work Allowances

You may be able to earn a certain amount before this affects your Universal Credit. This is known as the 'Work Allowance'. Different amounts of earnings will be disregarded depending on your circumstances. This means that benefits will not suddenly be removed if you start work and allows you to take temporary or seasonal jobs without making a new claim or having gaps between paydays as you move in and out of work.

Tapers

For those in employment, once your disregarded earnings have been taken into account, Universal Credit will have a taper rate of 63% (from 10 April 2017). This means that, as earnings rise, Universal Credit will decrease at a rate of 63p for each pound of net earnings. So for each £10.00 you earn, £6.30 will be taken off your Universal Credit.

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. There will be some exceptions to this rule, for example, Disability Living Allowance, Constant Attendance Allowance and Personal Independence Payment will be disregarded.

8. Where can I get further information?

Further information can be obtained from <http://www.nidirect.gov.uk/articles/introduction-to-universal-credit>. A Welfare Reform Advice Services Consortium, made up of [Law Centre \(NI\)](#), [Citizens Advice](#) and [Advice NI](#) has been set up to provide help and support to anyone affected by changes to the welfare system. A **Welfare Changes Helpline** has also been set up and is available on **0808 802 0020, 9am to 5pm, Monday to Friday**.

For more information or for personal advice and information please call our Family Benefits Advice Team on 0800 028 3008. Our trained advisors can help you to ensure that you are accessing all of the financial support to which you are entitled. You should also refer to our factsheet on [Welfare Reform](#).