Universal Credit

Awareness Raising

Session Aims

Understand :

- **Which means tested benefits Universal Credit replaces;**
- **How entitlement is calculated;**
- **How it works for different groups of people interfacing with the benefit;**
- **When it will be implemented in the different geographical areas of Northern Ireland.**

Why Do We Need to Know About Universal Credit ?

- **The Welfare Reform (NI) Order 2015 (and 2016 regulations) established *Universal Credit* as the main means tested benefit for adults of working age (16-65).**

- **The precise rules of UC will apply to "New Claimants" but those coming from the "Old System" will receive Transitional Protection.**

What is Transitional Protection ?

If Mrs A's Income Support entitlement is more than her Universal Credit entitlement she will receive a payment to make up the difference "Barring a significant change in circumstances"

- **Partner Leaving Household**
- **UC Award Ending**
- **One/both members of Household stop work**
- **3 month earning drop below claimant commitment**

Universal Credit Replaces:

- Income support
- Income based jobseeker's allowance
- Income related employment and support allowance
- Housing benefit
- Child tax credit
- Working tax credit

Benefits that Remain:

- Child Benefit (not counted as income)
- Contribution Based ESA
- Contribution Based JSA
- Industrial Injuries Benefits
- Rate Relief
- Bereavement Benefits
- Carers Allowance
- Statutory Maternity and Maternity Allowance
- Statutory Sick Pay
- Pension Credit

Introducing Universal Credit

UC is a means tested benefit to be introduced for working age individuals and families.

There will be two sets of eligibility rules to claim it:

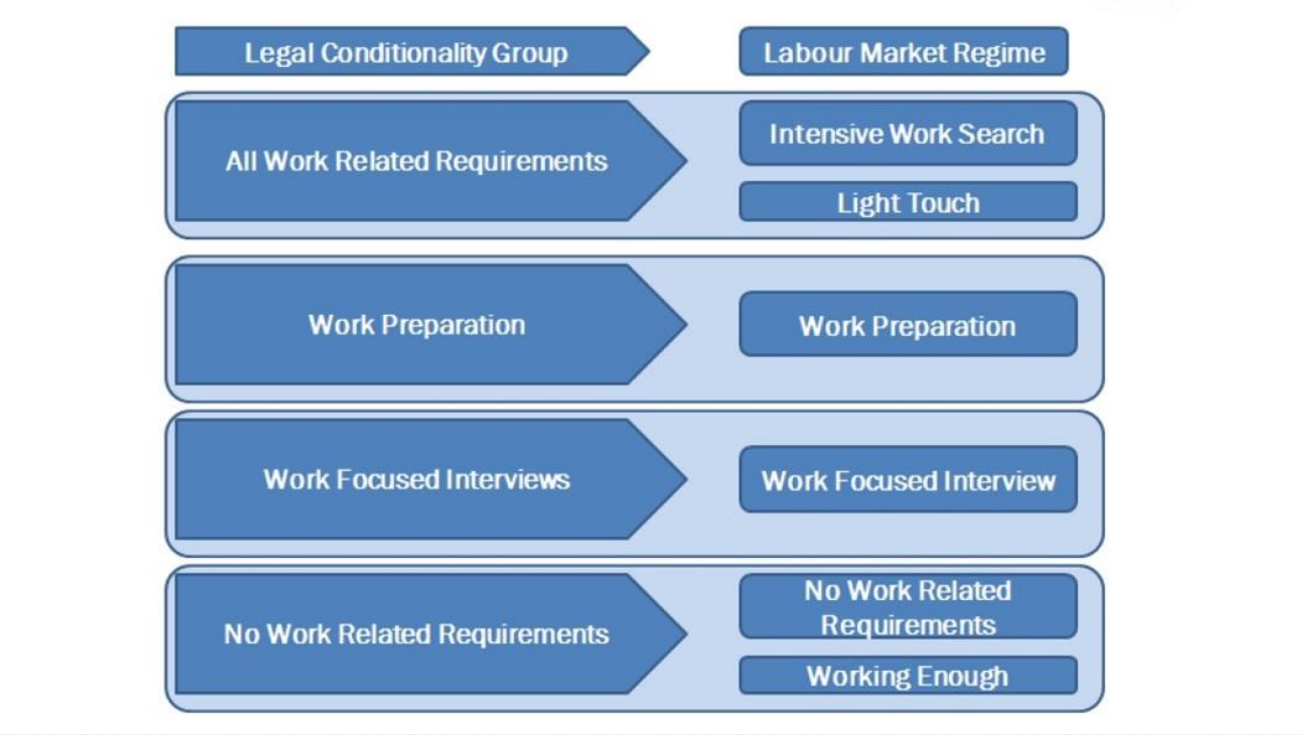
- **Basic Conditions**
- **Financial Conditions**

Basic Conditions

- **Be in the United Kingdom**
- **Not be receiving education****
- **Be aged 18** or over and under pension credit age****
- **Have accepted a "claimant commitment" (Known as *Conditionality* – some groups will have exemptions)**

** Special rules/exceptions and restrictions

Conditions/Activity



The Financial Conditions: An Overview

- "Top up benefit"
- Maximum Amount – Income = Award
- Housing costs now "in" the award rather than "extra" or additional to the award of benefit.
- There is a benefit cap
- Earned and Benefit income are treated differently
- Capital rules apply (16k ceiling, 6k+ tariff)
- Assessed in real time with HMRC per calendar month (UC awards could be different every month depending on income).

Calendar Month

- Multiply weekly payments by 52 and divide by 12
- Multiply 4 weekly payments by 13 and divide by 12
- Divide annual payments by 12

What is Income ?

Income is money coming in to the household and for the purposes of Universal Credit is classified as either "Earned" or "Unearned" and is worked out on a calendar month basis on what is received by the claimants each month, known as an "assessment period".

Types of Income (Earned)

- Salary payments from employment and Statutory Maternity, Paternity (both levels) Adoption or Sick Pay;
- Profits from self-employment;
- Any income that results from paid work ;

after Tax, NI, Pension contributions, etc (+ “reasonable business deductions” for s/employed people).

Unearned Income

- Contribution Based JSA
- Employment and Support Allowance
- Carers Allowance
- Bereavement Allowance
- Widowed Mothers/Parents Allowance
- Widows Pension
- Maternity Allowance
- Spousal Maintenance
- Training Allowances

Unearned Income (cont..)

- Income from Annuity's or Trusts
- Tariff income from Savings/Capital
- The State Retirement Pension
- Occupational Pensions
- Personal Pensions
- Retirement Annuity's
- Overseas pensions
- Overseas income

Capital

- Cash savings
- Savings in banks, building societies or the Post Office
- Money in current accounts
- Individual Savings Accounts (ISAs)
- Tax Exempt Special savings Accounts (TESSAs)
- Tessa only ISAs (TOISAs)
- Premium bonds and income bonds
- National Savings Certificates
- Stocks, shares, unit trust holdings, Government securities and bonds
- Property (expect the dwelling home)
- Land
- Money held in trust

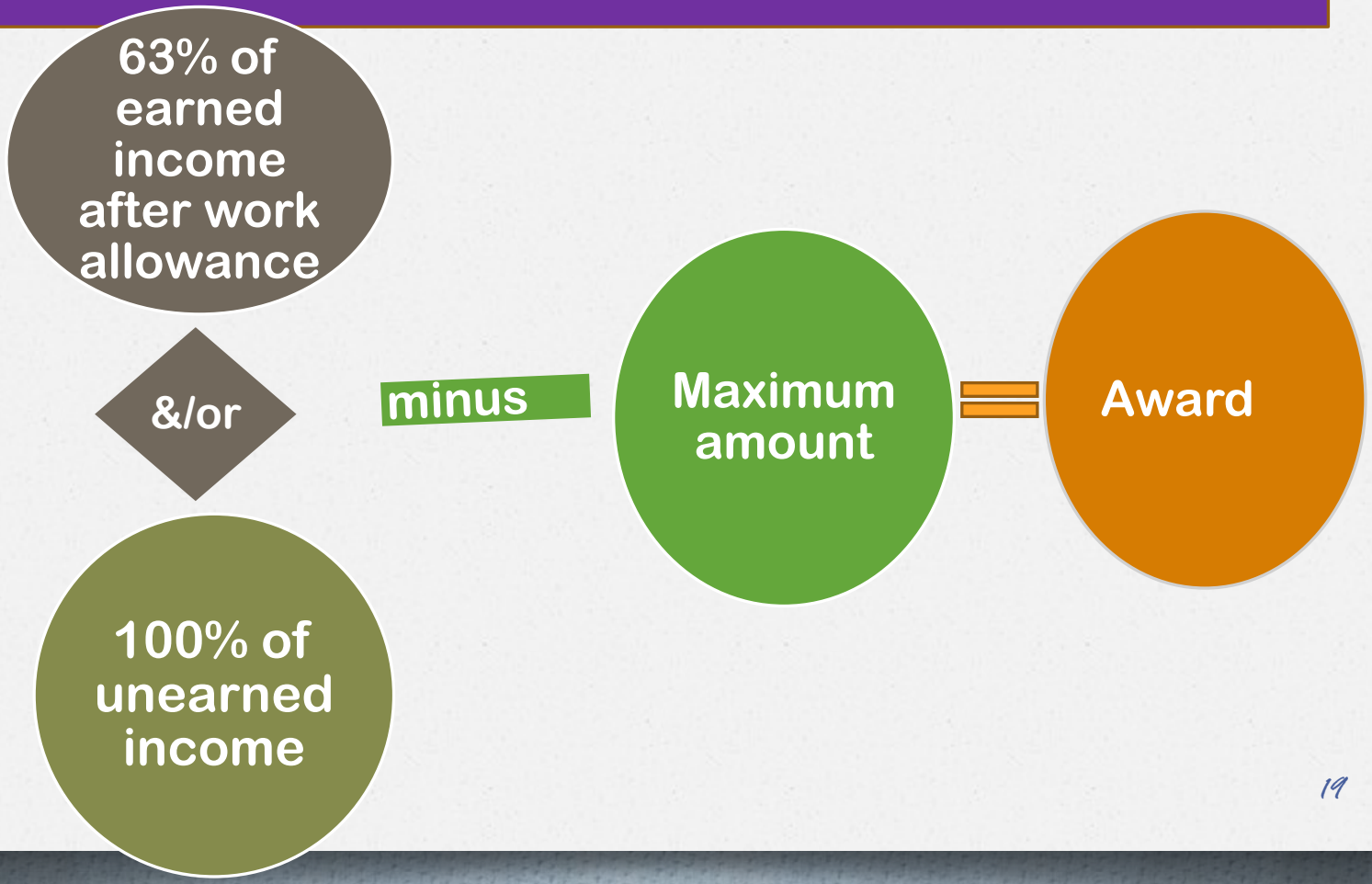
Capital Disregards

- The home the UC Claimant lives in.
- A property that someone has “taken reasonable steps to dispose of” within 6 months or proceeds of a sale of property provided the intention is to use it to buy another property within 6 months.
- Life insurance policies and funeral plans.
- Maternity Grants.
- Self-employed business assets.
- Money received to make essential repairs or alterations to a home/future home.

How Capital Impacts on Award

- If savings/capital exceeds £16,000 per claim there will be no entitlement to UC.
- Savings between £6,000 and £16,000 will attract a tariff leading to a reduction in award.
- The tariff imposed is £4.35 for each £250 (or part of) in excess of £6,000 per assessment period (calendar month).

The Income Disregard



Disregards (The Work Allowance)

- **Earned income has some income disregards and after this 63% of the remaining income is included in the Universal Credit calculation. These are known as "Work Allowances".**
- **Unearned income counts in full for the Universal Credit Calculation.**
- **Higher allowances are where no housing costs are claimed, lower are where housing costs are claimed.**

Disregards (The Work Allowance)

Claimant	Circumstances	Higher	Lower
Single	With children/QYP	£397	£192
Single	Ltd Capability for work	£397	£192
Couple	With children/QYP	£397	£192
Couple	Limited Capability for work	£397	£192

Maximum Amounts of UC

- **See Rates Handout**

Calculating an Award

Add together the:

Standard Allowance(s)

Child Elements

Child Disability Elements

LCW/Support Group Elements

Carers Elements

Childcare Costs Elements

Housing Costs Element

And subtract:

100 % of Unearned Income

63% of Earned Income After work Allowance Disregards

Equals

Maximum Amount of Universal Credit

Calculating UC

- **See Case Study Handout**

The Benefit Cap and UC

- **£20k Couples with /without Children and single parents**

  £1,666.66 p/cm (£384.62 p/wk)

- **£13.4k Single People with no children (or no children living with them)**

  £1,116.67 p/cm (£257.69 p/wk)

Excluded Groups (From Benefit Cap)

- Disability Living Allowance (DLA)
- Personal Independence Payment (PIP)
- Armed Forces Independence Payment (AFIP)
- Attendance Allowance
- Support Group (and UC element)
- Industrial Injuries Benefit and equivalent payments as part of a war disablement pension or armed forces compensation scheme
- War Widow's or Widower's Pension.
- Carer's Allowance (and UC Carers Element)
- Guardian's Allowance

Excluded Groups (From Benefit Cap)

- Over pension age
- In work and entitled to Working Tax Credit
- In work and earning more than £520 per month if receiving Universal Credit
- In supported exempt accommodation
- Grace Period for those in employment for 50/52 weeks that the cap wont apply for 39 weeks from date employment ended.

Calculating the UC Benefit Cap

- **Step 1) Is the UC award higher than the cap figure ?**
- **Step 2) Any amount payable for the childcare costs element is deducted from the result of Step 1 (if the childcare costs element is the same or greater than the result of Step 1 the cap will not apply)**
- **Step 3) Outside of this the UC award is reduced by deducting the excess figure from the award pound for pound.**

Implementation: Fresh Claims

Week commencing	Office
27 September 2017	Limavady
15 November 2017	Ballymoney
13 December 2017	Magherafelt and Coleraine
17 January 2018	Strabane and Lisnagelvin
7 February 2018	Foyle and Armagh
21 February 2018	Omagh and Enniskillen
7 March 2018	Dungannon and Portadown

Implementation: Fresh Claims (cont..)

Week comm.	Office
18 April 2018	Banbridge, Lurgan
2 May 2018	Kilkeel, Downpatrick, Newry
16 May 2018	Bangor, Newtownards, Holywood Road
30 May 2018	Knockbreda, N'abbey, Shankill
13 June 2018	Corporation Street, Falls, A'town
27 June 2018	Shaftesbury Sq, Lisburn, Larne
4 July 2018	C'fergus, Antrim, Ballymena
July- Sept. 2018	C'town, Ballynahinch, Newcastle

Natural Migration

Move from out of work to in work	Move from in work to out of work	Move out of work to sick
Move from sick to in work (or permitted work becomes permanent)	Move from in work to sick (reduction in hours due to sickness)	Claimants separate
Income Support Loan Parent child reaches 3/permanently leaves the household	Household becomes responsible for a child for the first time	Move from sick to out of work

If any of the above are experienced by someone in a live Fresh Claim roll out area they will naturally migrate to Universal Credit

Transferring from Legacy Benefits

- Existing JSA, IS and ESA claimants who haven't “naturally migrated” will transfer to Universal Credit between July 2019 and March 2022.

- The transfer timeline for ongoing tax credit claims has yet to be revealed.

Claiming Universal Credit

- Claimants will have to apply and maintain Universal Credit claims independently online via nidirect.gov.uk
- Universal Credit staff will enable, support and educate claimants to self-serve
- Claimants must use the new digital channel to make and maintain a claim unless they are defined as “vulnerable” Assisted Digital support will be offered to claimants who cannot independently make or maintain a claim online

Claiming Universal Credit- Demo (DWP)

- https://www.youtube.com/watch?v=fy06rAVZuss

Digital Skills

IT Skills to Make a Claim

- Have an active email address to confirm the account or set one up to do this
- Access email account and open emails
- Open an internet browser (Google/Bing etc)
- Search for a specific website using a web browser (www.nidirect.gov.uk|universalcredit)
- Fill in an online form and complete all fields, understanding any issues with mandatory fields and not moving forward without completing them.
- Create a username and password

Digital Skills

- Store and use a password
- Use drop down menus and search functions
- Click on a link in an email to activate an account
- Switch between browser tabs
- Add additional lines and content to a text box
- Be able to copy letters and number into a verify box (I'm not a robot) and "digitally verify"
- Print document from a journal
- Attach a document from the journal to an email
- Surely it is not an advisers job to teach this to claimants? There should be a scheme available for people to learn these skills or referred to existing training in this area?

Online Verification

"London……we have a problem….."

Online Verification

- In order to complete a Universal Credit claim online eligible ID will be required.

- UK passport
- UK photo card driving licence.

If a claimant does not have this documentation is us unable to prove identity online they can do so at a Universal Credit interview at the Jobs and Benefits Office.

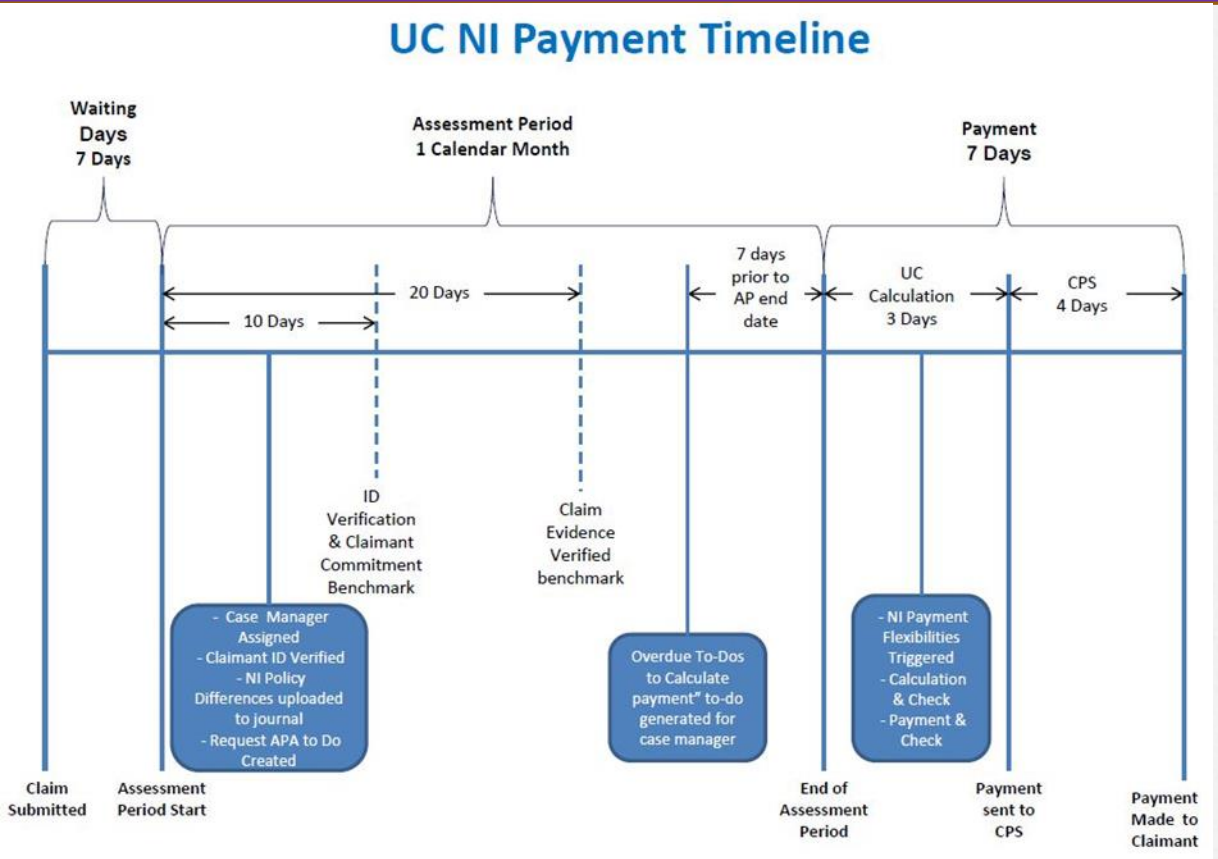
Face to Face Verification- 1 Form of ID

- NI (or UK) Electoral Card
- EEA Passport (**ROI is included in this)**
- EEA National Identity Card
- Residence Permit or Card
- Immigration Status Document
- Registration or Naturalisation Certificate

Face to Face Verification- 2 Forms of ID

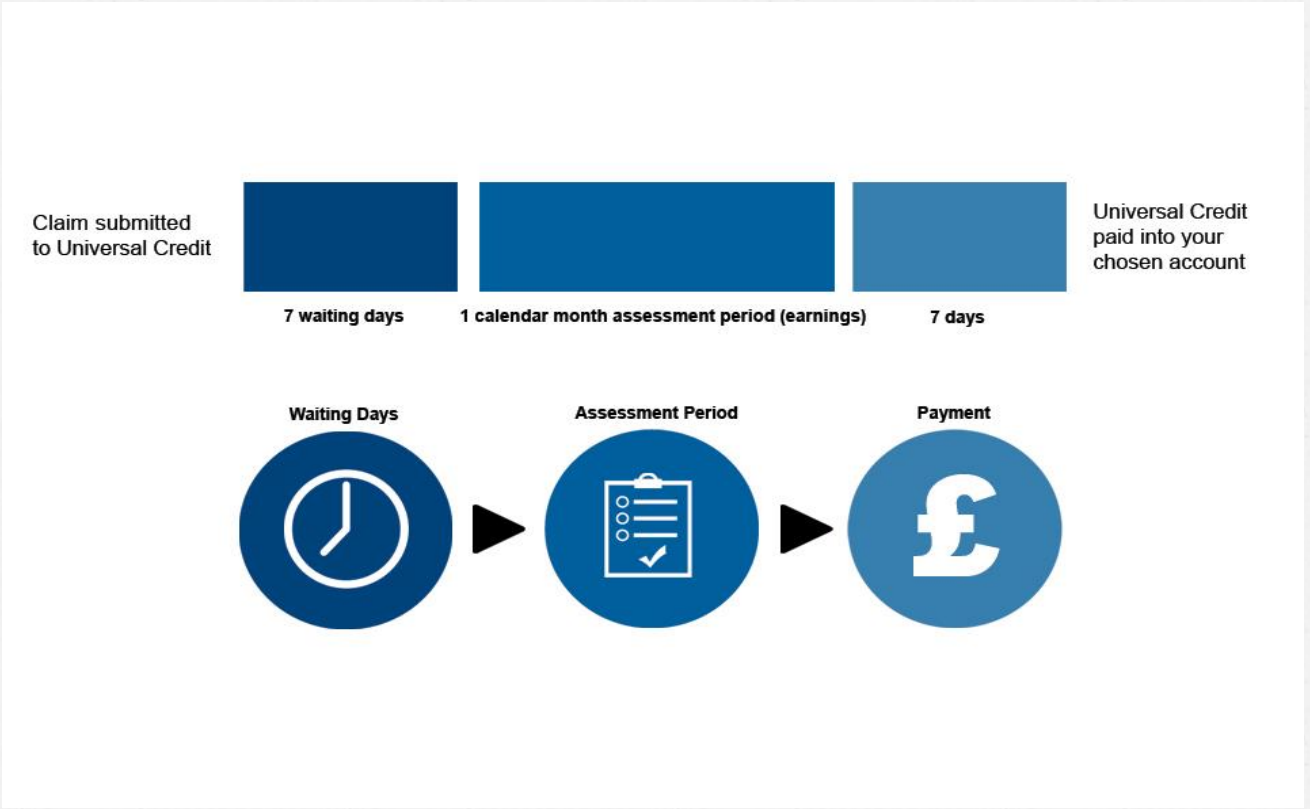
- Birth Certificate
- Rates Statement
- Medical Card
- Recent Bank or Building Society Statement
- Debit or Charge Card
- Recently Expired Passport
- Expired Full or Provisional UK Driving Licence
- Marriage or Civil Partnership Certificate
- Tenancy Agreement

From Claim to Payment



Dfc Welfare Changes Briefing 3/17

In Summary



There may not be any money for at least 6 weeks

UC Advances

- Advances are available to claimants who face "*short term financial need*" in the period up to their first full payment.
- Interest-free payment of up to 50% of their Universal Credit estimated monthly amount.
- Advance payments of Universal Credit must be repaid within six months.

Welfare Reform Advice

Further Training

www.adviceni.net

Contact training@adviceni.net

Thank you

Questions and Evaluation