

Universal Credit – frequently asked questions

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What will Universal Credit mean for claimants?

Universal Credit simplifies and streamlines the benefits system for claimants by bringing together a range of benefits and credits into a single system. Universal Credit will help ensure that claimants will be financially better off in work, which will help them and their families to become more independent.

The new Universal Credit system aims to:

- improve claimants’ incentive to work
- make it easier for them to move in and out of work
- be easier to understand than the existing system
- reduce poverty among people on low incomes
- cut back on fraud and error
- be more cost-effective to run

Universal Credit claimants will be better off in work including irregular part-time work. This will reduce the incentive for people to fraudulently not declare paid work in case they lose their benefit.

The new system is expected to have a considerable long-term impact on UK society. Increases in the take-up of entitlements that are currently unclaimed, together with

the higher entitlements, could see as many as 350,000 children and 500,000 working age adults moved out of poverty.

To ensure there are no cash losers as a direct result of the move to Universal Credit, where circumstances remain the same, the Government will provide transitional cash protection to claimants whose Universal Credit award would be less than it was under the old system. This only applies when the DWP moves the claimant and if their Universal Credit is lower than their total current amount of benefit and tax credit. The maximum amount is fixed and will be paid until their Universal Credit award overtakes the value of their pre-Universal Credit entitlement.

The DWP will continue to provide transitional protection depending on a claimants personal circumstances. Details regarding these circumstances are currently being defined by the DWP but could include starting or leaving work. Transitional protection will of course stop if entitlement to Universal Credit ends.

More information

[Universal Credit Transitional Protection](#)

What will claimants be expected to do in return for Universal Credit?

At the heart of Universal Credit is a partnership between the state and the claimant. In return for receiving financial support, out of work claimants, depending on their circumstances, must look for work, or take steps towards it. This may include preparing a CV, attending training courses, applying for suggested vacancies or registering with a recruitment agency. In most cases they must also be available and willing to immediately take up work and attend periodic interviews to discuss plans and opportunities for returning to work (immediately or in the future).

To demonstrate that they take this responsibility seriously, out of work claimants must accept a claimant commitment. If a claimant refuses to accept their claimant commitment, they will not be entitled to Universal Credit. If the claimant doesn't do what he or she has committed to do, they will experience tougher penalties than at present, such as their benefit being reduced or withdrawn for up to three years. The details of these penalties are currently being defined.

For some out of work claimants, this will not be the case. For example, there are groups who will continue to get support and not be expected to work or prepare for work over a sustained period. Examples of such groups are:

- claimants with limited capability for work related activity
- claimants who are in receipt of the Carer's element
- claimants who are not in receipt of the Carer's element but who do have caring responsibilities of at least 35 hours in a week for a severely disabled person/s
- a lone parent with a child under the age of one year.

This list is not exhaustive. Full details of groups who will continue to be supported can be found here [Explanatory Memorandum for the Social Security Advisory Committee – Universal Credit Regulations 2012 \(pages 41 and 42\)](#)

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Universal Credit can be payable to people that are in low paid work and will top up their earnings. The amount of their Universal Credit will reduce at a consistent and managed rate as they increase their working hours and earnings. This will continue to be the case until they are self-sufficient.

Claimants who are in work must also accept a claimant commitment according to their circumstances clearly setting out what is expected of them in return for Universal Credit. They will need to log on to the online gateway to submit their Universal Credit claim. They will also need to tell us about changes to their circumstances, which affect their entitlement to benefit, or the conditions they must meet. Their Universal Credit will be calculated and delivered electronically and automatically adjusted each month in line with earnings. Claimants will be able to clearly seeing the benefits of increasing their hours and therefore their earnings.

When and how will Universal Credit be introduced?

Universal Credit will go live nationally in October 2013. However, from April 2013 a Universal Credit 'Pathfinder' programme will take place in Tameside, Oldham, Wigan and Warrington

The findings from the Pathfinder will be used to make changes (where necessary) to ensure the new service is robust and reliable when Universal Credit goes live nationally in October 2013.

More information

[Pathfinder – Press Release – 24 May 2012](#)

Universal Credit will start to take new claims from unemployed people in October 2013. For people in work this process will begin in April 2014.

The remainder of current claims will be moved to Universal Credit from 2014, with the process being complete by 2017.

How will claims to Universal Credit be made and managed?

We want to make the process of claiming Universal Credit as simple as possible for claimants. Universal Credit is being designed so that each claimant can make a claim online and then personally manage their claim directly through an online account. Wherever possible, we want claimants to notify us via their online account of any relevant information and changes of circumstance as soon as possible after the change occurs.

This online self-service approach will ensure that Universal Credit is more responsive to a claimant's circumstances and will promote behaviours that help to prepare the claimant for work. Claimants who cannot get online or use a computer; will get support to complete their online claim for Universal Credit.

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

Universal Credit has been designed so that claimants can personally manage their claim directly through an online account. However, claimants who cannot access the internet or use a computer will be helped to complete their online claim for Universal

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Credit. This may be in a high street outlet or via a telephone service. 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 claimants behalf, checking for accuracy as they proceed.

To help more people get online, we will continue to take part in digital inclusion campaigns such as the Government's **Go ON UK** campaign.

[Go ON UK](#)

To further assist claimants, 'Digital Champions' are already in every Jobcentre, and will help staff support and encourage claimants to take their first steps online and see the benefits of being able to use the internet.

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

Universal Credit is made up of a standard allowance and potentially five elements, as any award is based on a claimant's personal circumstances. The five elements are:

- Child Element / Disabled Child Additions
- Childcare Element
- Carer Element
- Limited Capability for Work Element
- Housing Element.

The monthly Universal Credit payment covers everyone in a family who qualifies for support. This may be:

- a person claiming for themselves alone
- a person claiming for themselves and their child or children
- a couple making a joint claim for themselves
- a couple making a joint claim for themselves and their child or children.

Children over 18 living with their parents or siblings can claim Universal Credit in their own right.

Why is Universal Credit paid monthly?

Universal Credit is paid monthly to help people budget effectively and reflect the world of work, where 75% of all employees receive wages monthly. 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 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.

A series of demonstration projects is being run in six local authority areas to test how claimants manage their money when their housing benefit is paid directly to them rather than to their landlords. The Direct Payments Demonstration Projects started in June 2012 and will run until June 2013. The findings will be used to help shape the financial advice and support that Universal Credit will offer claimants.

More information

[Direct Payments Demonstration Projects Press Release - 14 September 2011](#)

[Direct Payments Demonstration Projects Press Release - 19 January 2012](#)

How will Universal Credit support those moving into work or increasing their hours?

Universal Credit will make it easier and less worrying for claimants to try out a job or work more hours, because their benefits will not automatically stop if they do so. The new system will show people that they will be better off working.

Universal Credit will ensure that work pays. Financial support will be reduced at a steady rate,, taking actual earnings into account at the time they are received. If a claimant is working part time, they may continue to receive some payment, but if their hours then increase, their Universal Credit payment will reduce, but they will keep more of their earnings and will always be financially better off in work. We want to make sure people are encouraged to take work whether it is full or part time, or to increase their hours and see the benefit of doing so.

For claimants on Pay as Your Earn (PAYE), Her Majesty's Revenue and Customs online employer system will automatically pass information about their earnings to their Universal Credit account. This means that the claimant won't need to tell us about every change in their earnings. They will see the positive impact of increased hours directly on their online account as they will keep more of their earnings.

What is happening about childcare?

Support for children within Universal Credit will be provided in the form of a child element. This will be included in a claimants Universal Credit award where they are responsible for a child or qualifying young person that normally lives with them. The child element is comprised of two rates; one rate for the first/only child and then a reduced rate for second / subsequent children.

Universal Credit will provide more support for childcare costs. Under current tax credit rules, support towards childcare costs is only available to parents who work more than 16 hours per week. Under Universal Credit, this requirement will be removed and support will be available to parents regardless of the number of hours they work. This will provide an important financial incentive to those taking their first steps into paid employment. It will mean that around 80,000 extra families will be eligible to receive support through childcare.

Universal Credit is expected to be particularly beneficial to lone parents, including those who wish to work a small number of hours.

What about groups with particular needs?

Financial support will remain for claimants whom the Government does not expect to prepare for work or to take a job. Universal Credit will be responsive to personal circumstances enabling people to move into and progress in work, whilst supporting those with high support needs. We are working with stakeholder organisations and claimants to ensure that Universal Credit is designed and delivered to meet the diverse needs of all potential claimants.

Some of the options that we are exploring for the 40 groups we have identified as having higher support needs are as follows:

- making the online service accessible
- tailoring our requirements to individual needs
- providing budgeting support
- applying policy appropriately in relation to groups with higher support needs
- providing face to face support
- enabling third parties to support claimants.

How will Universal Credit affect Pension Credit?

Under the existing system, people over the qualifying age for Pension Credit can also receive Housing Benefit and Tax Credits but from around a year after the launch of Universal Credit, they will no longer be able to apply for these benefits. At this point, Pension Credit will be changed to include:

- a new element called housing credit, for pensioners who are eligible for support with rent
- an additional amount for dependent children in the Guarantee Credit element.

The draft regulations for Universal Credit were published on 15 June 2012. These provide that where one member of a couple is over the qualifying age for State Pension Credit, but their partner is below the qualifying age for claiming Pension Credit, then benefit support will be available through Universal Credit and not Pension Credit.

The DWP in conjunction with the Social Security Advisory Committee has invited comments on the [Universal Credit - Draft Regulations 2012](#) by 27 July 2012.

The date from which this change will take effect has yet to be confirmed but it will be no earlier than October 2013. Existing 'mixed age' couples who are already receiving Pension Credit when this change is introduced will be protected.

How will Universal Credit be delivered locally?

The DWP and the Local Government Association (LGA) have been working together on pilot schemes for the development of Universal Credit. These pilots will ensure that local authorities are ready to support claimants in preparing for the implementation of Universal Credit from 2013. Pilots are also being developed to test models for the delivery of Universal Credit after 2015.

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We anticipate that there will be 12 local authority led 2013 focus pilots across the UK. These are expected to start in autumn 2012 and will focus on the face to face support that people may need to make a claim for Universal Credit. They will look at:

- encouraging claimants to access online support
- improving financial independence and managing money
- reducing fraud and error and delivering savings
- reducing homelessness.