

Universal Credit

What you need to know about Universal Credit

At the 2010 Conservative party conference, the then Work and Pensions Secretary Iain Duncan Smith announced reforms to the social security benefits system. These reforms replaced a number of benefits and tax credits with one single benefit: Universal Credit.

The aim of the reforms was to make the benefits system simpler. From an organisational point of view Universal Credit may well be less complicated than the previous system, as it's administered by one department – the Department for Work and Pensions – rather than a variety of different departments.

Universal Credit was introduced in England, Scotland and Wales during 2013 as part of the Welfare Reform Act 2012, and since then has been gradually rolled out to a number of Job Centres around the country. Currently it's expected that Universal Credit will be available in all areas of the UK by 2022, and is being introduced gradually in Northern Ireland from September 2017.

Universal Credit is for working-age people in or out of work who have no income or a low income (there's no limit to the number of hours you can work while claiming). It's designed to help with basic living expenses and housing costs. The

benefits and tax credits it replaces include the following:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit
- Working Tax Credit
- Child Tax Credit
- Income Support

This means if you're currently claiming one or more of these benefits, once you move to Universal Credit you'll get one single monthly payment (your local Job Centre or Tax Credits office will let you know when this is going to happen).

Benefits that aren't affected by the introduction of Universal Credit include Child Benefit, Disability Living Allowance, Personal Independence Payment and Carers Allowance. Contribution-based Jobseeker's Allowance, contributory Employment and Support Allowance and other benefits based on National Insurance contributions will also continue, as will Council Tax Reduction and benefits for people over the State Pension age.

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Did you know?

As of April 2017 the number of people on Universal Credit rose to 520,000, 190,000 of whom were in employment (*Source: Department for Work and Pensions*)

Universal Credit: are you eligible?

Only people of working age can claim Universal Credit, which means you must be 18 or older and below the age when you can start claiming your State Pension. Some 16 and 17-year-olds can claim in certain circumstances, including those who are responsible for a child or those who have no parental support.

You can't claim if you're in full-time education or training. You're also not eligible to claim Universal Credit if you have savings worth more than £16,000; and if you have more than £6,000 in savings or other investments you may receive a reduced amount.

If you're single

You can claim Universal Credit if you live anywhere in England, Scotland or Wales and you're single (people living in Northern Ireland can claim in certain areas from September 2017 onwards). Only those who currently expect to earn less than £338 after paying tax in the next month can claim.

If you're a couple

If you live with your partner, you must make a joint claim for Universal Credit. This applies even if your partner isn't eligible for Universal Credit; you have to apply jointly because your partner's income and savings have to be taken into

consideration. Your combined wages have to be less than £541 in the next month after tax.

Until Universal Credit is rolled out across the country fully, only couples living in certain areas can claim it. Find out if you live in a qualifying Universal Credit area [here](#). If you don't live in an area where Universal Credit has been fully implemented, you may still be able to claim one or more of the benefits that it's replacing.

If you're a family

Again, people with children can only apply for Universal Credit in certain areas (here's a [list of Job Centres](#) that accept applications from people with children). If you live in a Universal Credit area, you can apply if you have one or two children. If you have three or more children you may be able to apply for Child Tax Credit if you haven't claimed Universal Credit before (as from April 2017 you can only claim for your first and second child – see our [guide to benefits for families and children](#) for more information).

If you're sick or disabled

People who can't work or whose work is affected because of illness or disability may need to have a work capability assessment if they want to claim Universal Credit. Depending on the result of the assessment, you could be awarded extra money on top of the standard Universal Credit allowance (see *How much will you get?* below).

Despite the government's suggestion that Universal Credit makes claiming benefits simpler, the rules and regulations can be complicated and there are lots of other conditions that may affect your eligibility to make a claim.

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The quickest way to find out if you can apply may be to call the **Universal Credit helpline on 0345 600 0723** (calls can cost 9p a minute from a landline or up to 55p a minute from a mobile). If you're not eligible – or if you don't live in a qualifying area – you may be able to claim other benefits: find out what you may be entitled to by using this [benefits calculator](#).

How much will you get?

The amount of money you'll receive in your Universal Credit payment depends on your circumstances and how much other income you have (for instance you may be working but have low earnings). First there is a basic allowance for single people and for couples, depending on age (if you're single and under 25 you'll currently receive £251.77 a month, and if you're older than 25 you'll receive £317.82 a month, while couples under 25 get £395.20 and older couples £498.98).

Extra amounts are paid on top of the standard allowance if you have one or two children (or more than two children if you were already claiming for them before April 6th 2017). You can also claim 85 per cent of your childcare costs up to a certain amount for one or two or more children, plus you will also qualify for extra money if you're disabled or have a health condition, if you're a carer who looks after a disabled person or if you have a disabled child.

All of these extra amounts can top up your monthly standard allowance by anything from £151.89 (for those who care for a disabled person) to £649.38 (the maximum amount for a parent or parents with a severely disabled child).

Since one of the benefits Universal Credit is replacing is Housing Benefit, you may also get money to help pay your housing costs, including rent, mortgage interest, interest on a loan secured against your home as well as some service charges.

People who work but are earning a low wage can also claim the work allowance part of Universal Credit, which can be up to £397 a month if you don't get help with housing costs and up to £192 a month if you do. If you start earning more, your Universal Credit payment will be reduced (currently you'll receive 63p less for every extra £1 you earn).

All the above amounts are based on April 2017 payments and may change.

Benefit cap

Universal Credit is subject to the benefit cap, which limits the total amount of money most people can get in benefits (though not everyone claiming Universal Credit is affected by the cap as there are some exceptions). This [benefit cap calculator](#) will give you an idea of how much your benefits might be capped

You can also claim Universal Credit if you have some savings – though not if you have more than £16,000. Anything below £6,000 in savings won't affect your payment, but if you have more than £6,000 or if you earn enough money to cover your basic living costs your Universal Credit payment may be reduced.

- To get a good idea of how much you may get, try using this [Universal Credit calculator](#).

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Claiming Universal Credit

The government expects most people to claim Universal Credit online. You have to give lots of details when you apply, including your National Insurance number, your bank details, how much rent you pay, how much you earn if you're working, and details of any other benefits you're receiving. You may also be able to apply over the phone or in person if for any reason you can't apply online – call the Universal Credit helpline for details. Once your application has been made successfully, you'll usually have to attend a Universal Credit interview at your local Job Centre Plus.

Note: you won't receive any money for the first seven days after you make your claim (exceptions apply). These are often referred to as waiting days.

If you're claiming other benefits, once you claim Universal Credit they'll automatically stop. But you must end your claim for any tax credits you're getting (any overpayments you get will have to be paid back, so it's a good idea to end your claim as soon as possible).

Once you start receiving Universal Credit you must report any changes in your circumstances immediately. These include when you find or leave a job, when you move, when your bank details change, when your rent changes and when you have a child or start caring for a child. If you don't report any changes and are paid too much, you'll have to repay the extra amount. You may even be prosecuted or fined if you don't report any changes to your circumstances straight away.