

Universal Credit – Frequently Asked Questions

1. What is the Universal Credit?

To simplify the benefits system, the Government has announced that they are creating a new benefit, called Universal Credit, to replace most existing benefits and tax credits for people of working age - wrapping up all these kinds of payments into one benefit. The benefits being replaced include:

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

The Universal Credit will be 'means-tested' which means that anyone who applies will have their income and savings assessed, and if they, or a partner, earn over a certain amount or have a certain amount of savings they will be unable to get the Universal Credit.

These amounts will be set later by the Government so we do not know yet who would be eligible for Universal Credit. It will be paid either on an individual basis if claimants are single, or to couples jointly.

There will be a basic rate called the 'standard allowance' and extra amounts for people in different circumstances - for example, if they have children, a disability or need help with housing costs.

2. What will happen to me if I am already getting one of these benefits?

The Government plans to move everyone on the benefits listed above onto the Universal Credit within the next six years:

- People who make new claims for the benefits listed above will begin to receive Universal Credit at the end of 2013.
- If you are already receiving one of these benefits you will not move onto the Universal Credit until at least 2014.
- The Government plans to have moved all claimants onto the Universal Credit by 2017.

3. Will I get less money on Universal Credit?

The Government has said that no-one will be worse-off as a result of moving onto the Universal Credit, because the Government will provide 'cash protection' when individuals switch over to the Universal Credit.

So if you were moved onto the Universal Credit and it looked like you would end up worse-off, the Government has said it will provide a top-up payment to keep your income at the same level as your previous benefit.

However this protection would not be permanent - if your circumstances changed your income would no longer be guaranteed.

4. 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

Universal Credit will start to take new claims from unemployed people from 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 completed by 2017

5. How will claims to Universal Credit be made and managed?

Universal Credit is designed so that each claimant can make a claim online and then personally manage their claim directly through an online account.

6. 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

7. 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. The Government believes this will help the smooth transition into monthly paid work, encourage claimants to take personal responsibility for their finances and to budget on a monthly basis.

8. 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 2014, they will no longer be able to apply for these benefits. At this point, Pension Credits 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.

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 the benefit support will be available through Universal credit and not Pension Credit.(and will therefore be subject to the size criteria)

Existing 'mixed aged' couples who are already receiving Pension Credit when this charge is introduced will be protected.