

2 Universal Credit

What is Universal Credit?

Universal Credit (UC) is a means-tested benefit for people of working-age. It will affect people in and out of work. Universal Credit will not directly affect pensioners.

It will replace six benefits with one single benefit in England, Wales and Scotland between 2013 and 2017. In Northern Ireland it is expected to be introduced six months later possibly in April 2014 nidirect.gov.uk/changes-to-benefits-welfare-reform

Benefits Universal Credit replaces	Benefits outside of Universal Credit
The existing benefits UC will replace are:	The benefits remaining outside UC are:
<ul style="list-style-type: none"> Income Support Income-based Jobseeker's Allowance Income-related Employment Support Allowance Housing Benefit Working Tax Credit Child Tax Credit 	<ul style="list-style-type: none"> Attendance Allowance Carer's Allowance Child Benefit Disability Living Allowance (PIP) Industrial Injuries Benefits Local Council Tax support schemes Local Welfare Provision Pension Credit Personal Independence Payment State Retirement Pension Contributory Benefits Contributory Jobseeker's Allowance Contributory Employment Support Allowance Bereavement benefits Maternity Allowance Statutory Benefits Statutory Sick Pay Statutory Maternity Pay Statutory Paternity Pay Statutory Adoption Pay

How many people will it affect?

Eventually Universal Credit will affect eight million households – 19 million people – so we will all know someone who is affected by these changes. If you or someone in your household currently gets help through Housing Benefit, Working Tax Credit or Child Tax Credit – the move to Universal Credit will affect you.

Over 900,000 people in work currently get help with their housing costs through housing benefit and that figure is rising rapidly. Over 4,300,000 people currently get help through Working Tax Credit or Child Tax Credit because the pay they get from their employer is too low.

Will families and people be better off?

The government says 3,100,000 people will be better off and 2,800,000 will be worse off on Universal Credit. However this claim fails to take account of the fact that many of these people will have already had the help they get with their living costs cut beforehand. Changes such as the 'Bedroom tax', cuts to Housing Benefits, and cuts to Working Tax Credits, disability benefits and not uprating most tax credits are not included in the comparison. The TUC and Child Poverty Action Group have recently demonstrated that nine in ten families will gain nothing overall from its introduction. <http://www.tuc.org.uk/economy/tuc-22192-f0.cfm>

What is different about Universal Credit?

- It should be simpler – one claim
- It is paid monthly – not weekly or fortnightly
- It is calculated by looking at the household, not the individual
- It is paid to one person in the ‘household’
- You can only apply online
- The ‘housing element’ (the bit of Universal Credit that replaces Housing Benefit) is not paid to your landlord, it is paid to the one person in the household that gets the UC payment
- Before you can get Universal Credit you have to agree to a ‘claimant commitment’
- How much you get will be affected by what your employer tells the tax people each month and by what the employers of other members of your household have told the tax people
- It will be paid into one bank account or other account nominated by the household.

Warning over housing benefit payment changes

Wakefield and District Housing Trust is piloting arrangements where help with housing costs goes to the tenant not the landlord. One young woman paid the money into her bank account only to find her creditors had taken it straight away and she could not pay her rent. (*Wakefield and District Housing Trust*)

When will the change affect me?

The government decided to phase in the introduction of UC between 2013 and 2017 to cope with the estimated 12.5 million benefits claims in place that will need to be replaced by UC.

The Department for Work and Pensions (DWP) will contact people directly to let them know when they are being moved to UC.

Migration to UC from old benefits will depend on your circumstances e.g. if it’s a new claim, types of benefits you are on, changes in entitlement and where you live.

To start with the plan originally was that:

- from October 2013 all new claims for the six tax credits or benefits listed above from ‘out of work’ claimants would be claims for Universal Credit
- from April 2014 all new claims for the six tax credits or benefits listed above from ‘in work’ claimants would be claims for Universal Credit

But it now looks as if that will not happen as planned.

Latest UC roll out plans (June 2013)

The Universal Credit scheme was officially launched at the end of April 2013 with Ashton under Lyne as the first pathfinder. The pathfinder at Ashton under Lyne is only dealing with new single out of work claimants with or without housing costs. If the claimant has a partner, or children or a mortgage they are not starting on Universal Credit.

On the pathfinder once a claimant is in receipt of Universal Credit they will remain on Universal Credit even if their circumstances change, for instance if they gain a partner or children, or move away from the Pathfinder area. For more information read UNISON’s media briefing *Twenty things the coalition did not tell you about Universal Credit*.

On the day of the government’s first pathfinder in Ashton-under-Lyne, a circular to all housing benefit staff revealed that automatic direct payments to landlords will now be allowed in the pathfinder areas.

The DWP circular states, “Landlords can refer rent arrears cases to Universal Credit; those which are under two month’s rent will trigger Universal Credit to contact the claimant to discuss their non payment as part of the Personal Budgeting Support process, whereas those with over two months arrears will be switched to direct rent payment automatically and relevant budgeting support activity arranged subsequently.” dwp.gov.uk/docs/a13-2013.pdf.

While this is welcoming news and shows that the government now recognises that direct payments to landlords are a crucial component of the welfare reform process, automatic direct payments do not yet extend to the national roll-out of universal credit later this year.

Previous to this the government had set out guidance for universal pathfinders on:

- money advice to help claimants cope with managing their money on a monthly basis and paying their bills on time

- alternative payment arrangements for some claimants who genuinely cannot manage the standard monthly payment and where there is a risk of financial harm to the claimant or their family. This might include rent paid directly to the landlord, a more frequent than monthly payment, or a split payment between partners.

This guidance (February 2012) set out how alternative payments **may** be made if considered necessary and stressed it was only as a time limited option:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181400/personal-budgeting-support-guidance.pdf

In the pathfinder a claimant can now be considered for one or more alternative payment arrangements based on individual circumstances and characteristics. The Universal Credit advisor will decide whether a claimant will be able to pay their rent on time, budget their money monthly or manage a single household payment. As a result of this concession a claimant could have any of the following payment combinations:

- frequency (eg weekly or bi-monthly) only
- housing removed and paid to landlord direct
- housing and split
- housing and frequency
- frequency and split
- housing, frequency and split.

Again it is not clear if these options will extend to the national roll-out of universal credit later this year.

What can we be certain of next?

The DWP still wants the roll out of UC to start in October 2013 but it looks as though it will only start in parts of each region and only with the easiest cases – single people with or without housing costs but no partners, no children and no mortgages.

For example in Wales it may only apply to some new out of work claimants from Swansea and then it would be gradually expanded to other areas.

However at the moment some resources and mechanisms are still uncertain:

- The DWP will not say whether the Real Time Information (RTI) system that collects all the data to create the benefit calculations will be ready for the planned timetable rollout. There are still concerns around the accessibility and workability of the

system, the liability and responsibility for the correct input of information and how any losses incurred will be paid to the benefit claimant

- It is not clear how much money partnered organisations who will bid jointly to provide local support services will get as part of the Universal Credit Local Support Services Framework <http://www.dwp.gov.uk/local-authority-staff/universal-credit-information/universal-credit-updates/>

How will Universal Credit be accessed, calculated and received?

- new claims are to be made online by submitting an electronic claim form
- the amount awarded will depend on the income and circumstances of all the household members
- there will be a basic allowance with different rates for single people and couples and lower rates for younger people
- some people will be entitled to a transitional protection where UC payments are lower than their existing benefits.

There will then be additional amounts available for those with:

- housing costs
- children and/or childcare costs
- limited capability for work
- caring responsibilities.

Your earnings will be assessed monthly to ensure your UC award is always accurate. The assessment period begins with the first date of entitlement and will then run from the same date each month during your award. UC will typically:

- be a single household payment made monthly in arrears even if more than one person is claiming
- include housing benefit in the UC award
- be paid into one bank or other account nominated by each household

What more do I need to know?

In-work conditionality is expected to be extended to people in work in April 2014 although this date may slip. This means that everyone receiving Universal Credit has to sign and meet a 'claimant commitment' in order to continue receiving their benefit or face

sanctions. People earning less than 35 times the national minimum wage can be required by the DWP to ask their employer for extra hours, take extra jobs or even take a different job. So someone working 20 hours a week on £7 per hour (more than the national minimum wage) could be forced to take a 35 hour a week job on the minimum wage.

The precise nature of the system that will underpin conditionality for working claimants is not yet known

In-work conditionality will be piloted first and we will learn from the pilots and in discussions with the DWP more details of how this will work with the full roll out of universal credit. Watch out for UNISON's In-work conditionality information sheet and guidance to be published when we know more about the DWP guidance that will be given to employers, employees and the DWP universal credit assessor.

How to get ready for the changes

- Have a bank account or equivalent ready to receive payments
- be prepared and clear about how you will be affected by UC in your benefits or tax credit
- find out if you are entitled to any transactional protection
- find out what support you may be entitled to help with financial budgeting skills if needed
- for help with financial concerns contact your UNISON Welfare Officer or visit www.unison.org.uk/thereforyou for information on help that is available
- talk to your branch and welfare officer about the UNISON and Credit Union partnership scheme
- talk to your branch steward if you have to negotiate any new in-work claimant conditions with your employer as part of any pilot
- read UNISON's other briefings on specific issues of Universal Credit and watch out for further updates and guidance as we learn more about the roll out of UC and any changes proposed by the government and DWP.

Join UNISON's campaign to challenge Welfare Reform changes

1. Join the Living wage campaign

UNISON strongly believes that the growth in the dependency on working tax credits has in large part been due to the growth in low wage jobs and zero

hour contracts for many workers. A reformed welfare system must recognise also the need for a living wage.

<http://www.unison.org.uk/livingWage/index.asp>

2. Lobby your MP and local councillors

We need affordable and free childcare to make welfare work for low paid families in work

- You can find and write to your MP/councillor at <http://www.theyworkforyou.com/> or <http://www.writetothem.com>
- Promote UNISON's Sure start campaign to keep Sure Start centres open to help with affordable childcare provision for low paid in-work families. UNISON Sure Start campaign http://www.unison.org.uk/education/pages_view.asp?did=14164

UNISON believes that affordable and free child care plays a vital role in supporting working families and helping make work pay to reduce the need for families to stay on benefits. The recent changes to working tax credits (WTC) made it harder for some low paid families to stay in work as the cost of childcare has risen offsetting the financial benefits of working. These WTC changes will be removed in the new Universal Credit roll out but some in-work conditionality rules will now apply for lone parents and couples with children and therefore affordable and free childcare needs to be an integral part of any welfare support for working families.

3. Use your local media and social media (twitter and facebook) to raise awareness around the unfairness of welfare changes

Raise awareness around:

- introducing in-work conditionality at a time of austerity when there are already high records of underemployment – people working part time because they cannot find full time work
- the impact of the bedroom tax and benefits cap on families and children at a time when private rents are not being controlled and there are waiting lists for affordable social housing

the extra resources and funding that will be required by local governments to provide extra welfare reform support services, re-housing and homeless costs and frontline workers dealing with the impacts of welfare.

Further information and campaign resources

TUC and Child Poverty Action Group – *Will Universal Credit work?* <http://www.tuc.org.uk/tucfiles/586/TUCcpag-report.pdf>

TURN 2US Up-to-date detailed information and help on universal credit and benefits http://www.turn2us.org.uk/information__resources/benefits/benefits_news_and_changes.aspx

Resolution Foundation – Assessing the implications of Universal Credit in - work conditionality http://www.resolutionfoundation.org/media/media/downloads/Conditions_Uncertain.pdf

False Economy – <http://falseeconomy.org.uk/>

Campaign for benefit justice – <http://benefitjustice.wordpress.com/>

Gingerbread – <http://www.gingerbread.org.uk/content/894/Make-it-work>

Child Poverty Action Group – <http://www.cpag.org.uk/content/stop-work-poverty>

Children's society – <http://www.childrenssociety.org.uk/>

Shelter – <http://england.shelter.org.uk/> and <http://scotland.shelter.org.uk/>

Mind – http://www.mind.org.uk/campaigns_and_issues/policy_and_issues/making_benefits_fairer-welfare_reform

Scope – <http://www.scope.org.uk/news/over-half-million-disabled-people-lose-lifeline-%E2%80%98flawed%E2%80%99-dla-change>

Disability Alliance – <http://www.disabilityalliance.org/policy-campaigns/benefits>

Homeless organisation – <http://homeless.org.uk/welfare-aware>

DWP Helpline – 0845 608 3557/DWP – Text phone 0845 608 3557

Citizens Advice Bureau – 0844 411 144 / 0300 3300 650

UNISON There for you service – <http://www.unison.org.uk/thereforyou>

This is one of a series of briefings on welfare reform that contain useful information about government changes to welfare and benefits. These can be found at http://www.unison.org.uk/WELFARE/news_view.asp?did=8544