

# **Universal Credit: Common Issues**

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# What is Universal Credit?

Universal credit is an integrated means-tested benefit for people of working age who may be in or out of work.

It replaces current working age means-tested benefits and tax credits  
(Income Support, irESA, ibJSA, HB, WTC, CTC)

# Some key features

- Combined payments (amount for client, children, housing costs all together)
- Monthly payments in arrears
- Online claims and accounts
- Conditionality both in and out of work (potentially)
- Some groups better off (people in work), Some groups worse off (disabled clients, families with disabled children)
- Currently two versions of UC

# Who will gain? Who will lose?

- Among working households, 2.1 million will get less in benefits (an average loss of £1,600 a year) and 1.8 million will get more (£1,500 average gain).
- Working single parents and two-earner couples are relatively likely to lose, and one-earner couples with children are relatively likely to gain.
- Owner-occupiers and those with assets or unearned income are relatively likely to lose, but working renters are relatively likely to gain.
- Introducing UC will cut annual benefit spending by £2.7 billion in total.

# Roll out of UC

## **‘Live’ Service/’ Gateway’ Service**

- This version has been rolled out to all Jobcentres between April 2013 – April 2016
- In most JCPs: Only claimants are single people looking for work. Some for couples & families
- Original IT platform for UC, with limited functionality
- Can claim online, claim then clerically processed

# Roll out of UC

## **‘Full’ Service/’ Digital’ Service**

- This version currently being rolled out between Sept 16 – Sept 18
- No new claims for legacy benefits; all new claims for any legacy benefit would trigger claim for UC
- Fully digital claim (made online, online accounts, online communication)

# The phases of the UC roll out

## Three phases...

**-Stage 1:** Your post code becomes a UC Gateway area (also called 'Live Service')

- Only **single people** making a new claim

April 13 -  
April 16

**-Stage 2:** Your post code changes to 'Full Service' (was called Digital Service)

- **Anyone** making a new claim *plus* some legacy claimants with change of circs, *plus* those in Gateway who will be moved over to 'Full Service' platform

Due to  
complete:  
Sept 2018

**-Stage 3:** Migration of all those left (legacy claimants)

- Mainly those on **Legacy Benefits**

Expected:  
2019 - 2022

# Implications from when Full Service is rolled out

1. Significant increase on residents claiming UC
  - All types of client groups
  - No transitional protection if entitlement is less
2. Completely different management of claim
  - Fully digital claim
  - Budgeting on a monthly basis

Check where is Full Service:  
<https://universalcreditinfo.net/>



# Natural migration – Likely

- Household becomes responsible for a child for first time
- Move from out to in to work
- Move from in to out of work
- Move from out of work to sick
- Move from sick to out of work
- Move from sick to in work
- Move from in work to sick
- IS lone parent child reaches age 5 or permanently leaves household
- HB claimant moves into different borough

# Natural migration – Unlikely

- Fail WCA – no new JSA/UC claim pending MR (but does DWP agree?)
- HB claimant moves into new house within same LA
- On tax credits, has a child
- JSA claimant gets a sanction

# Waiting for first payment

- No payment for six weeks
- Waiting days apply to some claimants, meaning no entitlement for first seven days.
- Housing costs element where most delays occur
- Short term advances available
  - These are loans at 50% of anticipated first payment, to be re-paid in initial months of claim

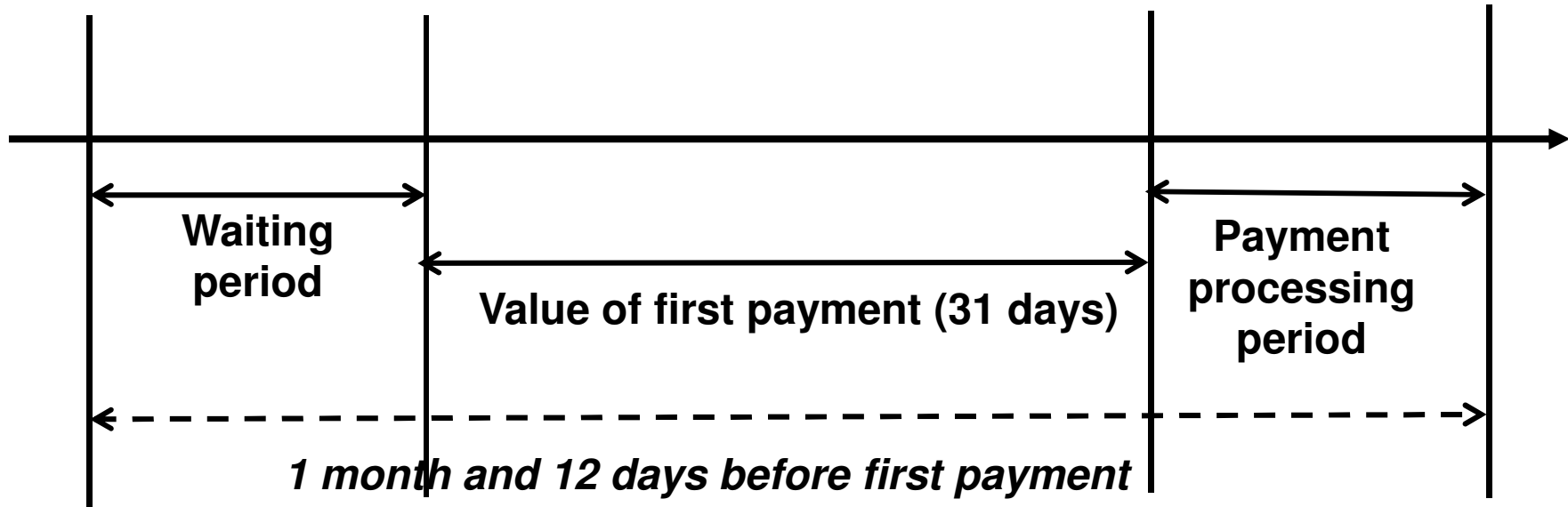
# Impact of the 7 day waiting period

Claim on 10<sup>th</sup>  
(called the  
“relevant  
date”)

Entitlement begins  
on the 17<sup>th</sup> (the  
start of the AP)

End of AP  
on the 16<sup>th</sup>

First payment  
on the 22<sup>nd</sup>



# Conditionality

- Claimants placed into different groups
  - No work related requirements; WFIs only; WFIs and Work Preparation; All work related requirements
- Claimant commitment outlines what they have to do
  - All claimants have one, including both members of couple
  - Needs signing before claim can be progressed
- Local JCP has discretion on content of claimant commitment
- Failure to comply will result in sanctions
- Hardship payments available if sanctioned, however these need to be repaid

# Deductions from UC

- UC advances recovered over initial 3-6 months
- Direct deductions with higher standard recovery rates
  - e.g. Rent arrears – standard rate is 20% of personal allowance (£63.56 per month)
- Managed payments to landlords
- Any ‘overlapped’ HB is recovered from UC claim, by considering HB amount as income in first assessment period
- Sanction is loss of entire personal allowance amount (£10.59 per day for single person over 25)

# UC and Earnings

- No permitted work, replaced with work allowances for disabled workers (£192/£397 per month)
- UC has a monthly assessment period model: takes into account earnings *received* in the AP rather than when the period they were earned for.
- When earnings are too high to be entitled to UC for that month, need to reapply next month (shortened application, same assessment period).
- Benefit Cap earnings threshold £520 pm.

# UC & Earnings example: 16 hours x NMW, paid weekly

<b>21<sup>st</sup> July - 20<sup>th</sup> August</b>	24 <sup>th</sup> July, 31 <sup>st</sup> July, 7 <sup>th</sup> August, 14 <sup>th</sup> August	Earned £480 this month Under Ben Cap limit, so will be capped
<b>21<sup>st</sup> August – 20<sup>th</sup> September</b>	21 <sup>st</sup> August, 28 <sup>th</sup> August, 4 <sup>th</sup> Sept, 11 <sup>th</sup> Sept, 18 <sup>th</sup> Sept	Earned £600 this month, exempt from Ben Cap
<b>21<sup>st</sup> September – 20<sup>th</sup> October</b>	25 <sup>th</sup> Sept, 2 <sup>nd</sup> Oct, 9 <sup>th</sup> Oct, 16 <sup>th</sup> Oct	Earned £480 this month Under Ben Cap limit, so will be capped
<b>21<sup>st</sup> October – 20<sup>th</sup> November</b>	23 <sup>rd</sup> Oct, 30 <sup>th</sup> Oct, 6 <sup>th</sup> Nov, 13 <sup>th</sup> Nov, 20 <sup>th</sup> Nov	Earned £600 this month, exempt from Ben Cap



# UC & Earnings example: Paid monthly

<b>21<sup>st</sup> July - 20<sup>th</sup> August</b>	Paid 21 <sup>st</sup> July	UC award with work allowance
<b>21<sup>st</sup> August – 20<sup>th</sup> September</b>	Paid 22 <sup>nd</sup> August	UC award with work allowance
<b>21<sup>st</sup> September – 20<sup>th</sup> October</b>	Paid 22 <sup>nd</sup> September Paid 20 <sup>th</sup> October	Two earnings payments may bring client out of entitlement to UC.
<b>21<sup>st</sup> October – 20<sup>th</sup> November</b>		Client would need to re-claim. UC award would not take into account any earnings, so should receive full UC award
<b>21<sup>st</sup> November – 20<sup>th</sup> December</b>	Paid 22 <sup>nd</sup> November	UC award with work allowance

# Claimant Journey

## Start of claimant journey

1. Claim online (for Full Service, also complete ID verification)
2. Agree claimant commitment
3. Get first payment

## On-going claim

1. Meet claimant commitment
2. Manage with monthly payments
3. Notify change in circs via online account (for Full Service)

# Areas to be prepared for

- Avoid natural migration to UC where possible
- Managing until first payment: Identifying if there is local provision for support, i.e. LA local welfare assistance schemes?
- Ensure waiting days not applied incorrectly
- Ensure claimant commitment takes into account appropriate reasonable adjustments
- Ensure 'Managed Payment to Landlord' is in place is appropriate
- Check for deductions on UC – can these be reduced?
- Reclaim if UC stops due to high earnings