Universal Credit: A helper's guide

Universal Credit is slowly being rolled out across the UK. Many families are finding starting and maintaining a Universal Credit claim difficult.

This short guide is for anyone standing alongside a family navigating their way through this process.

Churches are asking for fundamental changes to Universal Credit. Its design is ignorant of the realities of low-income families' lives and it is often blind to children's most basic needs. As a consequence, it often traps families in poverty rather than freeing them.

Whilst we campaign for a better social security system, churches and many others are also helping families through the often difficult reality of today's Universal Credit.

Around 7 million families, containing half of the UK's children, will receive Universal Credit. It will affect low-income families who may be unemployed, sick or most commonly in low paid work. Universal Credit will touch almost every community in the UK so it is important that the system is understood by both claimants and those who stand alongside them.

This leaflet was produced by

Joint Public Issues Team
Churches working for peace & justice

www.jointpublicissues.org.uk

What is Universal Credit?

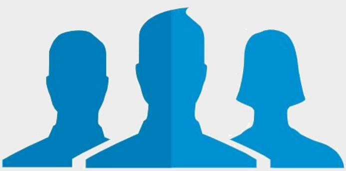
Universal Credit replaces six existing means-tested benefits. Families with a low income due to sickness, unemployment and low paid work can qualify for Universal Credit.

Tax Credits	ESA (Employment Support Allowance)
Child Tax Credits	JSA (Job Seekers Allowance)
Income Support	Housing Benefit

Universal Credit

The disability benefits PIP (Personal Independence Payment) and DLA (Disability Living Allowance) are not included in Universal Credit.

When does Universal Credit arrive?



From January 2019 almost all new claimants have been put on Universal Credit.

Families whose circumstances change are also being moved onto Universal Credit. Events such as a new job, moving house or a new baby will trigger this change

This means that the number of families receiving Universal Credit is steadily increasing. Families who do not move to Universal Credit via this process will be migrated across.

This process will affect some of the UK's most vulnerable people and, after lobbying from churches and charities, the process will not begin until the process has been properly tested.

Key Terms

Assessment Period— A one month period of time where the JobCentre looks at a family's circumstances and income. It takes this information and then calculates the family's next monthly Universal Credit payment.

Five Week Wait— The period of time a claimant has to wait until they receive their first Universal Credit payment. This five weeks is made up of the first monthly assessment period and one week administration time. Many claimants end up waiting longer.

Advance Payment— The loan claimants can receive during the five week wait. This is then deducted from their Universal Credit payments, taking up to 40% of their living allowance until the loan is repaid fully.

Journal—The online workspace where the JobCentre and claimant leave messages for each other. Claimants must view the journal frequently or risk missing appointments and losing their benefit.

Claimant Commitment— A document written by the JobCentre Work Coach which outlines the tasks a claimant must complete each week or risk losing their benefit. Payment of Universal Credit will not begin until a Claimant Commitment is signed.

Work Coach—The member of staff at a JobCentre who works most closely with the claimant.

Tax Credits and 'legacy benefits' —The old welfare system that is slowly being replaced. Most claimants still are on this old system.

Full Service — The newest version of Universal Credit which all new claimants receive. It phases out the older "live service" system.

What's New?

Applications for Universal Credit are made **online.**

Throughout a Universal Credit claim messages are sent via an **online journal**, including the time and date of appointments and any requirements of the claimant.

Universal Credit is paid **monthly.**

Universal Credit is paid into a **bank account.**

Couples get one **joint** monthly payment.

Rent isn't paid to the landlord, but directly to the claimant.

Prescriptions

For families without any other income, prescriptions are free with Universal Credit. If anyone in the family is in work they should check if they need to pay for their prescriptions. The government has introduced an automated system of significant fines for people thought to be wrongly claiming free prescriptions, therefore it is important to check.

The NHS recommends you present a copy of the previous month's Universal Credit statement as evidence you are eligible. NHS Forms do not yet have an option for Universal Credit so people are advised to tick the "income-based JSA" box instead.

You can find more information at:
www.nhsbsa.nhs.uk/penalty-charges-dont-get-caught-out/check-you-tick

Questions

These changes have big implications for how a family is able to cope whilst claiming Universal Credit.

It may be helpful to think about these questions when considering what support a family may need:

Does the family have reliable internet access and the skills to operate an online system?

Does the family have a bank account or the documents to set up a bank account?
If the account is overdrawn the payment may be swallowed up by the overdraft, leaving the family without any money available.

Is it safe to have a single shared payment?
Is one partner abusive or suffering from an addiction, for instance to substances or gambling?

Is monthly budgeting going to be manageable?

Without a direct payment to the landlord is there a risk the rent is not going to be paid?

Applying for Universal Credit

Applying using the online form can be daunting. Lack of confidence on computers or no internet access can pose problems for people.

It helps to have the right information to hand when you start. Once you have created an account your progress is saved as you go along, so you can return to it if you cannot find something.

What you will need

Personal Information:

National Insurance number, email address & phone number (a mobile is best so that you can receive texts).

If you need help with Rent:

Your address; your landlord's contact details; the amount of rent you are paying and how often.

Money:

Details of your (and your partner's) savings; details of you (and your partner's) income from work and any other sources.

Your bank details:

You should also have a pen and paper to note down your account details so you can save and return to your application if you have difficulties.

The site to go to is: **www.gov.uk/apply-universal-credit**

At the end of the application you will be asked to verify your identity. In the first instance you are asked to do this online by choosing one of five verifying companies employed by the government.

Many people cannot verify online for a host of reasons. Don't be deterred. You can verify your identity in person at the initial JobCentre interview—but be sure to bring the documents they ask for.

Three thoughts for the first interview

After the online application has been completed, the applicant will be invited to an interview. This will take place at the JobCentre.

? Has the JobCentre asked for any **documents** – eg to verify identity, rent or the ages of children?

? **It will be 5 weeks until the first Universal Credit payment.** Does the family have enough savings to tide them over?

? If not, will they take the loan of one month's money called an **advance payment?** It is a difficult decision as the repayments are substantial and can mean that the family has too little money to cope over the next 12 months. It is worth thinking about before the first interview.

The Work Coach will write a **claimant commitment.** These set out targets which are likely to be generic, but the Work Coach has the power to alter them. It is really important to say what is and is not possible for the family to do. Ultimately the Work Coach can (and often does) impose conditions the family does not think are realistic. However, they should listen and alter the Commitment accordingly. Once signed, failure to do what is in the Commitment will lead to a sanction – **do not let it be agreed as a formality without thought.**

Living with Universal Credit

Many families will receive Universal Credit for years and will need to maintain their claim while the ups and downs of life occur. For many families, maintaining a Universal Credit claim poses difficulties.

Far from providing security, many families' experience of Universal Credit is that it makes incomes and budgets more volatile and less predictable.

Payments can vary dramatically from month to month

Universal Credit is recalculated each month and can vary wildly. We know that many families who do not receive correct payments do not challenge them because they cannot understand the system.

If in doubt about a payment it is important to check with the JobCentre or an independent advisor such as Citizens Advice Bureau.

Calculating the amount owed is complicated and difficult to check

Every month each family receives a message in their online account telling them how much benefit they can expect. This is then payed into their bank account a week later. Seeing no way to make the next month's budget work, it is at this point that many families face crisis and first seek help.

Universal Credit is designed to reduce as family income increases. In theory this seems sensible. In practice many people are not paid in a pattern that fits to the regular monthly assessment cycle. People paid weekly can have 4 or 5 pay-packets in a month or a bank holiday may mean that two monthly salaries fall into one assessment cycle. Regular, predictable pay them leads to irregular and unpredictable benefit payments.

Families often have multiple jobs paid in different cycles. This makes predicting Universal Credit payments virtually impossible.

Deductions reduce Universal Credit payments & often without warning

Over half of Universal Credit payments are not paid in full because of "deductions". This can be to repay an advance payment or overpayments carried over from the tax credits system or other payments money owed to the government. They can also be to repay other debts such as rent arrears or utility bills.

Under Universal Credit, deductions are applied automatically and without notice. Although they are normally limited to 40% of a family's living allowance, they can be higher. The result is further uncertainty and hardship. Moreover, advisors report that understanding unexplained deductions takes enormous time and effort.

If deductions are a problem, check that the money is actually owed . The JobCentre also has some discretion to reduce repayment rates if they are causing hardship—ask early.

Universal Credit is often simply not enough to live on

It is important to recognise that even when Universal Credit is working well, the family is likely to be under huge financial stress. They can be one small financial shock away from crisis – even years into a Universal Credit claim. 4 in 10 Universal Credit claimants say they are in financial difficulty. Rent arrears accrue in the first months due to the five week wait, but also increase years after families have moved over to Universal Credit.

Cuts to the benefit rates and housing support that underpin Universal Credit mean the benefit provides a much lower level of support than the earlier system. Rule changes mean that many children are simply denied support as Universal Credit is only available to the first two children in a family.

Sanctions and Conditions

All families must sign a **Claimant Commitment** in order to receive Universal Credit. This contains tasks that the adults in the family must complete or risk having their Universal Credit removed, also known as sanctions. Some are exempt from sanctions - mainly families with a relatively high income. Others who are exempt include primary carers for children under the age of one and some, but not all, people who are assessed as unfit for work.

For the first time, Universal Credit threatens low paid workers with sanctions. Many families will move in and out of work but never have the threat lifted. We know that sanctions can have awful effects on families and that living under that ever-present threat creates huge stress and worry.

The Assessment Period and calculating Universal Credit

The term **"assessment period"** is used a great deal in letters from the JobCentre. It is the key idea that you need to be comfortable with in order to understand Universal Credit and letters from the JobCentre.

An assessment period is a one month period of time where the JobCentre looks at a family's circumstances and income. It takes this information and then calculates the family's next monthly payment.

The day a Universal Credit claim is lodged (eg 15th) is the first day of your first assessment period. From then on your assessment periods will run from the 15th of each month to the 14th of the next. This cannot be changed.

A family's circumstances on the last day of the assessment period are used to calculate the maximum possible Universal Credit payment, taking into account things such as their children, the disabilities experienced and housing needs. This maximum amount is then reduced by 63p for every £1 that was earned in the assessment period.

This is not a simple calculation. It relies on data from a number of places and things do go wrong. If you are in doubt about what has been received, question it and ask for an explanation.

Finding help

The welfare system is complicated and benefits advice should only be given by people who are trained and have access to the up-to-date guides and regulations. This guide is designed for people who want to be sufficiently informed to stand alongside people who need Universal Credit and to understand and encourage them on their journey.

DWP guidance:
www.gov.uk/government/collections/universal-credit-detailed-information-for-claimants

Local JobCentre Plus:
https://find-your-nearest-JobCentre.dwp.gov.uk

The Government's website for Universal Credit:
www.understandinguniversalcredit.gov.uk

The Just Finance Foundation:
www.justfinancefoundation.org.uk/resources/uc-savvy

People who can help:

Citizens Advice Bureau

CAB Local service:
www.citizensadvice.org.uk

CAB help to claim service
https://www.citizensadvice.org.uk/benefits/universal-credit/claiming/helptoclaim

Freephone number for CAB:
England 0800 144 8 444
Wales 08000 241 220
Scotland 0800 023 2581

Money advice service:

Web: www.moneyadviceservice.org.uk
Phone: 0800 138 7777

Have you had experience with Universal Credit, or do you support those who have? Get in touch with us to share your stories of Universal Credit.

Email enquiries@jointpublicissues.org.uk.

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The Joint Public Issues Team is the Methodist Church, the United Reformed Church, the Church of Scotland and the Baptist Union working together on issues of peace and justice.

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