

# UNIVERSAL CREDIT & YOU

Universal Credit has been introduced to give you the support you need to find and progress in work. We want you to be able to benefit from all the positives that work brings. This guide will help you do that and covers the following areas:

## Universal Credit Full and Live Service

### Your Responsibilities

### Your Commitment

### Payments

### Sanctions

### Full time work search

### Conditionality, Opening up work and Taper

### Self-employment

### Help with eligible childcare costs

### Housing



For more information on all the topics covered in this guide and more, please visit [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)

Opening up work\_

# Universal Credit Full and Live Service

Universal Credit is being introduced in stages across Great Britain by postcode area. Whether you can claim it and the way you manage your claim depends on where you live and your personal circumstances.

## Full service

Universal Credit full service is available to all claimants in certain areas of Great Britain. **You will have an online Universal Credit account to manage your claim.** You can use your account to report changes, send messages to your work coach and get support. Eventually, all Universal Credit claims will be on the full service and you will have a Universal Credit online account.

## Live service

Universal Credit live service is available to all single people across Great Britain who are not in a full service area, subject to meeting Gateway Conditions regarding your circumstances such as your employment status and fitness for work. The live service is also available, subject again to Gateway Conditions, to couples and families with children in North West England.

**You will manage your claim by phone through the service centre.** Live service claims will eventually move to the full service. You will be notified about when this will happen and what you need to do at that time.

## Claiming Universal Credit

When you make your claim you'll be asked for your postcode and will then be directed to the right service for you to complete your claim online.

In both services you will always have access to a work coach who can help you with things like finding work, increasing the hours you work and getting more prepared for when you are able to work by learning new work skills or life skills.

Helping you to improve your income is central to the Universal Credit service.

## Reporting changes

How you report changes affecting your Universal Credit claim, such as changing address or adding a child to your claim, will depend on which service you use.

## Full service areas

Use your Universal Credit online account to report changes by answering the questions on screen. The online service will also explain how to report changes you cannot report online at the moment.

## Live service areas

Call the Universal Credit service centre to report changes:

Telephone: 0345 600 0723

Textphone: 0345 600 0743

Monday to Friday, 8am to 6pm

# Your Responsibilities

When you claim Universal Credit there are a number of activities you become responsible for in order to receive your payment. You can get more information about Universal Credit online at [www.gov.uk/universal-credit](http://www.gov.uk/universal-credit)



**Complete work search activities for up to 35 hours per week.**



**Complete a tailored Commitment with your work coach.**



**You will be responsible for paying your own rent and other housing costs.**



**Reporting change in circumstances:**

- Full service - through your online account.
- Live service - through the service centre.



**Manage your payments and budget on a monthly basis.**



**Working part-time & able to earn more? You're required to seek additional work and increase your earnings.**

# Your Commitment

**When you claim Universal Credit you will need to complete and accept a tailored Commitment.**

In most cases your Commitment will be drawn up during a conversation with your work coach at your local jobcentre. It will set out what you have agreed to do to prepare for and look for work, or to increase your earnings if you are already working.

It will be based on your personal circumstances and will be reviewed and updated on an on-going basis. Each time it is updated, you will need to accept a new Commitment to keep receiving Universal Credit.

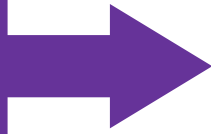
If you claim Universal Credit as a couple, both of you will need to accept an individual Commitment. Your Commitment may be affected if your partner starts work or their circumstances change.

## **Not meeting your responsibilities**

Your Commitment will clearly state what will happen if you fail to meet one or more of your responsibilities. You will receive reduced payments, known as **a sanction**, if you fail to meet one or more of your responsibilities and can't give a good reason to explain why.

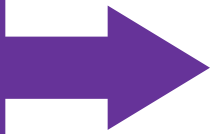
# Your Commitment

If you are earning as much as can be expected depending on your current circumstances.



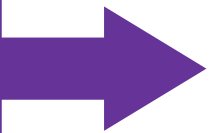
You will receive financial support without any other conditions to increase your earnings.

If you are able and available to work.



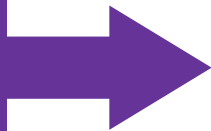
You will need to do everything you reasonably can to give yourself the best chance of finding work. Preparing for and getting a job must be your full time focus. If you do not do this without a good reason you will receive reduced payments of your Universal Credit, known as a sanction.

If you currently have limited capability for work, related to a disability or health condition, but this is expected to change over time.



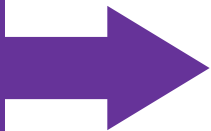
You will be supported until your circumstances improve and you can work. You will be expected to prepare for work so far as you are able.

If you have a disability or health condition that prevents you from working.



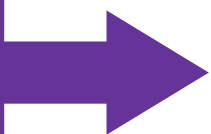
You will not be required to work and will be supported through Universal Credit.

If you care for a severely disabled person for at least 35 hours per week.



You will not be required to work and will be supported through Universal Credit.

If you are the lead carer for a child.



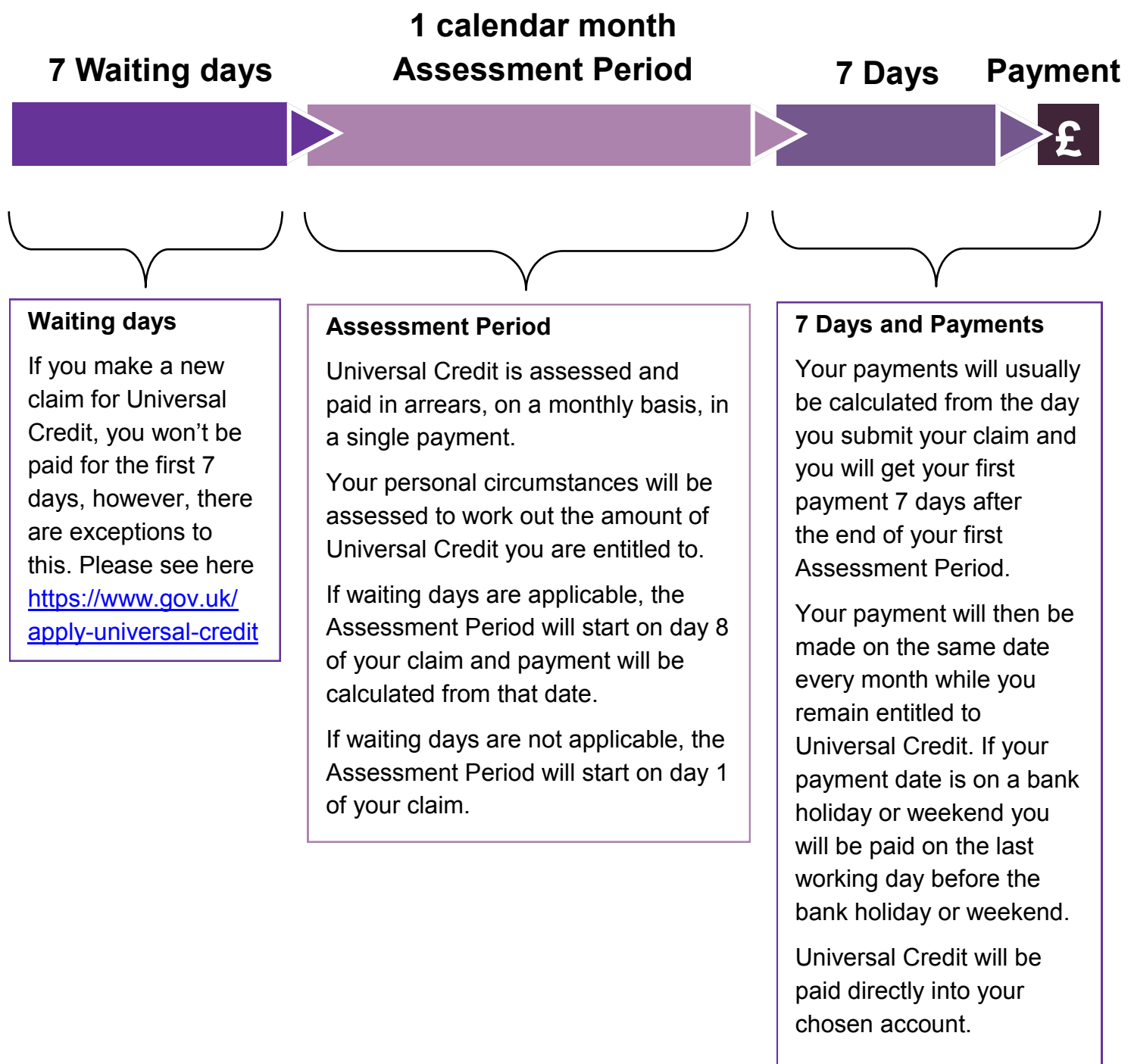
You will be supported in your current circumstances. What is expected of you as a lead carer in return for getting Universal Credit will be based on the age of the youngest child in your household.

# Payments - how, when and where?

**Universal Credit is paid monthly and you are required to budget monthly.**

If waiting for your first Universal Credit payment will put you into financial difficulties, there is support available to you. Contact your work coach if you need further information on:

- Personal Budgeting Support (money advice)
- An Advance Payment
- A Discretionary Housing Payment (via your local authority)



# Payments - continued

You should receive your first payment about 6 weeks after you make your claim. For full service customers you will then be able to view your payment details in your account and for live service customers you will receive a letter explaining how much you will be paid. We can't confirm how much you'll get before then, because the amount depends upon your circumstances, for example if you're caring for someone else and/or if you have received any income or earnings that month.

**Universal Credit is paid monthly and you are required to budget monthly. If you feel you may experience financial difficulties during the time between making your claim and receiving your first payment, please talk to your work coach. In some cases you may be able to get an advance of your first Universal Credit payment if you've recently been receiving another benefit or you're in urgent financial need.**

Your payment will usually arrive on the same date each month or earlier if the date falls on a weekend or bank holiday.

If you are employed, Her Majesty's Revenue and Customs (HMRC) will tell us about any money you've earned.

Universal Credit is paid monthly directly into the account you tell us about when you make your claim. The amount you get is calculated each month, and depends on your circumstances and earnings during that time. This is known as an Assessment Period.

Your first Assessment Period usually starts 7 days after you submit your claim. This 7 day waiting period may apply if you are out of work and claim Universal Credit.

If you were previously in receipt of tax credits it is important to note that your tax credits will stop as soon as you make a claim to Universal Credit. For further information see: Universal Credit: [help with managing your money - GOV.UK](https://www.gov.uk/government/publications/help-with-budgeting-your-universal-credit)  
(<https://www.gov.uk/government/publications/help-with-budgeting-your-universal-credit>)

## **Extra help with eligible childcare costs**

You may be worried about paying for childcare while you work. We want to help, so through Universal Credit you can claim back up to 85% of eligible childcare costs. We add this to your monthly payment. Speak to your work coach if you wish to find out more.

## **Managing your money**

If you want some help with managing your money, you can access the online Money Manager here <http://obs.moneyadviceservice.org.uk>

Money Manager is an interactive digital tool, owned by the Money Advice Service, that offers personalised money management advice.

The advice includes how to open a bank account, dealing with rent arrears and regular bills and debt advice services. There's a quick and easy to use budget planner and money management hints and tips, including how to reduce your household bills. It also has information about claiming Universal Credit as a couple, claiming with children, information for carers, links to local authorities and other information centres.

# Sanctions

If you fail to meet each of your responsibilities that you agreed in your Commitment without good reason, you will have a cut in your benefit, known as a sanction. This means your Universal Credit payments will be reduced for a set period, and the period of reduction will increase the more times that you fail to meet similar requirements, up to a maximum of 3 years. There are four sanction levels: higher, medium, low and lowest.

**Higher Level:** You will be sanctioned for 91 days for your first higher level sanction in any 364 day period, 182 days for your second, or 1095 days for your third if you:

- Have to meet the 'work preparation requirement', and you fail to take part in Mandatory Work Activity;
- Have to meet the 'work search requirement', and you fail to apply for a particular job when told to do so;
- Have to meet the 'work availability requirement', and you refuse a job offer; or
- Leave work or reduce your hours of work, whether voluntarily or due to 'misconduct' (while claiming Universal Credit or just before you claim).

There are special rules for how long your sanction will last if it is for leaving work before you claimed Universal Credit.

**Medium Level:** You will be sanctioned for 28 days for your first medium level sanction in any 364 day period, or 91 days for your second if you:

- Have to meet the 'work search requirement', and you fail to take all reasonable actions to find paid work or increase your earnings from work; or
- Have to meet the 'work availability requirement', and you are not available to start work or attend interviews.

**Low Level:** They last until you do whatever you were sanctioned for failing to do, plus 7 days for your first low level sanction in any 364 day period, 14 days for your second, or 28 days for your third if you:

- Fail to attend or take part in a work-focused interview, and a lowest level sanction does not apply;
- Fail to attend or take part in a training course;
- Fail to take a specific action to get paid work, or to increase your earnings from work.

**Lowest Level:** These apply if you only have to meet the 'work-focused interview requirement', and you fail to attend or take part in a work-focused interview; they last until you take part in one.



# Sanctions - continued

## **Couples:**

If you are a couple, for each sanctioned person, the sanction rate is 50% of the appropriate Standard Allowance for the couple. For the lowest level sanction, you will be sanctioned at an amount equivalent to 20% of your Standard Allowance (50% of 40%).

## **Reduction of sanctions from Universal Credit:**

Though you cannot have two sanctions at once, sanctions can run back-to-back. When you are sanctioned, it is usually your next payment, or series of future payments of Universal Credit, that is affected.

Sanctions reductions are applied after taking earnings and unearned income into account. If there is insufficient Universal Credit remaining after this to take the full sanction amount, the sanction reduces the award to nil and is treated as having been made in full. You will remain entitled to Universal Credit and will therefore maintain access to 'passport' benefits such as free prescriptions.

## **16/17 year olds:**

You can fall into any one of the four conditionality groups (All work-related requirements, Work-focused-interview and work-preparation requirements only, Work-focused interview requirements only and No work-related activity requirements). The sanctions regime for 16 and 17 year olds mirrors the adult regime but has lower sanction amounts, 40% of the Standard Allowance, and shorter durations.

## **If you do not agree with a Universal Credit sanction:**

You can ask for a mandatory reconsideration within a month of the date of a decision. You must write to the department that gave you the decision (the address to write to will be on the decision letter) and say why you think the decision is wrong, providing any evidence.

# Full time work search

If your Commitment includes looking for work, you will be expected to do everything you reasonably can to prepare for and find work. In most cases, you will need to complete up to 35 hours work search activity per week in order to receive Universal Credit. This could include some or all of the following:



Prepare your CV



Tailor it to each job



Research employers and transport links



Apply for suitable jobs



Prepare your CV cover note



Follow up applications



Make it easy to be found online



Job search and set up job alerts online



Network with friends, family and on social media



Prepare for your interview



Record your activities to track your progress

This list is not exhaustive. For more tips and ideas visit The Daily Jobseeker <http://dailyjobseeker.tumblr.com>

# Conditionality

Conditionality means work-related things an eligible adult will have to do in order to get full entitlement to Universal Credit. Each eligible adult will fall into one of four conditionality groups based on their capability and circumstances; these are: 1) All work-related requirements, 2) Work-focused-interview and work-preparation requirements only, 3) Work-focused interview requirements only and 4) No work-related activity requirements. Speak to your work coach to find out which conditionality group applies to you.

Day one conditionality - As an eligible adult you will be required to register their Universal Jobmatch account, create your own e-mail account/address and create a Curriculum Vitae (CV) from the first day of their Universal Credit application.

## Opening up work\_

Universal Credit is 'opening up work' and allowing access to a wider range of jobs by:

- helping make sure you're always better off in work;
- allowing part-time and short-term work to act as a stepping stone into work;
- providing you with support from a work coach to help you every step of the way; and
- removing barriers, allowing you to work more than 16 hours a week and still claim Universal Credit.

For further information see [Universal Credit and work - GOV.UK](https://www.gov.uk/government/publications/universal-credit-and-work-quick-guide).

(<https://www.gov.uk/government/publications/universal-credit-and-work-quick-guide>)

## Taper

Universal Credit is designed to make sure that you're better off in work, by topping up your wages each month while you need it.

Your Universal Credit payment reduces gradually as you earn more (this is known as the taper), and will increase again if your job ends or your earnings go down.

You can earn a certain amount, which is based on your individual circumstances, before your Universal Credit payment is reduced. The more you earn, the higher your total income will be, which helps ensure that you will be better off in work.

Use a [benefits calculator](https://www.gov.uk/benefits-calculators) to see how starting a job or increasing your working hours affects your benefits. (<https://www.gov.uk/benefits-calculators>)

# Self employment

Universal Credit is being introduced in stages across Great Britain by postcode area. Whether you can claim it and the way you manage your claim depends on where you live and your personal circumstances.

## Full Service

Universal credit full service is available to all claimants, including the self-employed, in certain areas of Great Britain. You will have an online Universal Credit account to manage your claim.

## Live Service

Universal Credit live service is not available to you if you are already self-employed when you claim. If you have an established Universal Credit claim, and then become self-employed, you can continue to claim.

## Gateway interview

People who are self-employed and expected to look for and be available for work while in receipt of Universal Credit will be asked to attend a Gateway interview; ask your work coach about this.

## Self-employment guide

This is issued when you tell us you are self-employed, and explains self-employment and Universal Credit. It tells you what to expect from your Gateway interview, what to bring with you, and how to report self-employed earnings.

## What does it mean to be 'gainfully self-employed'?

When you tell us you are self-employed, we need to decide whether self-employment is the most appropriate way for you to become financially independent. The first step towards making this decision is to assess whether you are 'gainfully self-employed'.

This means that self-employment in a trade, profession or vocation should be your main occupation. It must also be organised, developed, regular, and carried out in expectation of profit. If you are found not gainfully self-employed, the Minimum Income Floor (see below) is not applied, and you are required to meet work-search conditions.

## Minimum Income Floor

The Minimum Income Floor is an assumed level of earnings for a gainfully self-employed claimant, and is based on the earnings we expect a claimant with similar circumstances to achieve. It is designed to encourage and incentivise you to increase your earnings through developing your business, and is applied if your earnings are below that level, and you are not in a start-up period.

If you are subject to the Minimum Income Floor, you will not be subject to work search or availability requirements, allowing you to concentrate on making a success of your business and maximising your returns up to and beyond the level of the Minimum Income Floor.

# Self employment - continued

## **Start-up period**

If we decide you are gainfully self-employed, are within one year of starting self-employment and you are taking active steps to increase your earnings, you will be eligible for a 'start up period.' This is a period of up to twelve months where the Minimum Income Floor will not be applied, and you won't be required to look for or take up alternative employment.

Your actual earnings will be taken into account to work out your Universal Credit award. You will be expected to take steps to build your business and increase your earnings, and we will ask you to provide evidence of this during your quarterly interviews.

## **Work Coach support**

If you are in the Start-up period, you will receive regular one-to-one support from your work coach to help you grow your business and increase your earnings.

## **If you have a partner who is working**

Your partner's earnings may affect the level of the Minimum Income Floor applied to your claim in certain circumstances.

Household income is used to calculate the amount of Universal Credit you receive, so your partner's earnings may affect your payment.

## **If you have a partner who is also gainfully self-employed**

You would each have your own Minimum Income Floor, calculated depending on your circumstances, and these may be combined to calculate your household award.

## **Changes to your self-employment**

You will need to report any change in circumstance through your journal in your online account (full service) or through the service centre (live service). Depending on the change, we may need to carry out a new gainful self-employment test.

## **Other business support**

Thousands of people take the decision to start their own business, or grow an existing one, each year. If you are thinking about this to improve your future, GOV.UK provides a wealth of information on working for yourself. (<https://www.gov.uk/working-for-yourself>)

## **Universal Credit and self-employment - Publications - GOV.UK**

(<https://www.gov.uk/government/publications/universal-credit-and-self-employment-quick-guide>)

# Help with eligible childcare costs

Universal Credit helps working parents by providing financial help with eligible childcare costs, no matter how many hours you work. If you are claiming with a partner both of you normally need to be in work to receive this help. It is also available if you are claiming Universal Credit and in receipt of Statutory Sick Pay, Statutory Maternity Pay, Ordinary Statutory Paternity Pay, Additional Statutory Paternity Pay, Shared Paternity Pay, Statutory Adoption Pay or Maternity Allowance.

You will be able to claim back up to 85% of your actual paid out childcare costs if you meet the qualifying conditions and your childcare costs are eligible.

Claimants with a firm and accepted job offer can claim for eligible childcare costs a month prior to starting work. Talking to your work coach as soon as possible about your job offer and the support options available to you will help with getting a routine in place for when you start work. Universal Credit for eligible childcare costs is paid in arrears, so if you think you need help with up-front costs, you should discuss this with your work coach. Additional help to meet an initial payment for eligible childcare costs may be available, subject to certain conditions.

Universal Credit for eligible childcare costs can also be claimed for at least a month after your employment ends, which can help you to maintain childcare as you move between jobs.

Help paying for eligible childcare costs in Universal Credit is in respect of payments to registered or approved childcare providers. This generally means the childcare provider is registered with OFSTED in England, the Care Inspectorate in Scotland or Care and Social Services Inspectorate for Wales (CSSIW). Approved childcare can include care provided in school or in another place by a child minder, play-scheme, nursery or club. Your approved childcare provider should be able to provide you with a registration number.

To make a claim you will need to provide evidence of your childcare placement(s) and the actual cost of childcare with receipts.

# Other help with childcare costs

All three and four year olds in England can get 570 hours of free early education or childcare per year. This is usually taken as 15 hours each week for 38 weeks of the year. Some two year olds are also eligible.

From September 2017, the free childcare entitlement in England will be doubled to 30 hours per week for working parents of three and four year olds. Help with childcare is also available in Scotland and Wales.

You cannot claim Universal Credit for eligible childcare costs to cover any free provision. However, you can claim Universal Credit for eligible childcare costs to cover the cost of the hours over and above the free provision. If your child starts getting free childcare, you should tell us about the change straight away.

If you are working and responsible for a child, your employer may be able to help you with childcare costs through Employer Supported Childcare in the form of childcare vouchers. Employer Supported Childcare will close to new entrants from April 2018.

From early 2017, the new Tax-Free Childcare scheme will be introduced to support parents with their childcare costs. If you are in receipt of Universal Credit, you will not be eligible for Tax-Free Childcare at the same time, so you will need to choose between getting Universal Credit childcare costs and Tax Free Childcare. If you need help with this you should speak to your work coach.

For further information on registered providers, free childcare and other childcare support visit <https://www.gov.uk/childcaresupport>,

# Housing

If you and/or your partner are responsible for paying rent (including any eligible service charges) for the home you live in, or if you have a mortgage, Universal Credit may provide help towards the cost. We call this Universal Credit Housing Costs.

If you claim Universal Credit, it is your responsibility to budget correctly and make sure you pay your rent and other housing costs direct to your landlord or mortgage/lender in full. Being responsible for paying rent means you have an agreement to make rent payments and have a contract or written rent agreement with a landlord, organisation or agency.

If you are applying for housing costs under Universal Credit in a **full service area** and live in the **social housing sector**, the service centre will email a Housing Costs Verification form to your landlord. Once this has been returned, the information will be checked against your claimant declaration.

If you are applying for housing costs under Universal Credit in a **full service area** and live in the **private housing sector**, **it is your responsibility to provide evidence of your rent i.e. tenancy agreement and amount, to your work coach.**

If you are applying for housing costs under Universal Credit in a **live service area**, **it is your responsibility to bring evidence with you to the jobcentre**, for example:

- A current tenancy agreement
- A current rent statement
- A current rent book
- A signed letter from your landlord
- Mortgage agreement
- Current mortgage statement
- Any loan agreement/s secured on property
- Bank statement showing mortgage payments.

We will check and validate your evidence before paying Universal Credit Housing Costs. We will also check the local rent levels in your area. **If you do not provide this evidence there may be a delay in paying you Universal Credit Housing Costs.**



# Housing - continued

## Local Council Tax Reduction

If you are claiming Universal Credit for the first time we would advise you to apply for Local Council Tax Reduction (LCTR) straight away, as many local authorities will not backdate it for you.

You do not need to wait until your claim for Universal Credit has been assessed and/or paid. You can start the process to apply for [LCTR on GOV.UK](http://www.gov.uk/apply-council-tax-reduction). (<http://www.gov.uk/apply-council-tax-reduction>). It will take you directly to the relevant page on your local council's website, which will tell you what you need to do next.

You may be able to get help from your local authority with your Council Tax if you are on a low income or claim benefits, including Universal Credit. The help you will get depends on where you live, your circumstances, your household income - including savings and pensions, if any children or adults live with you and your local council's own Council Tax reduction scheme.

## Alternative Payment Arrangements

There are some Universal Credit payment options that can help you manage your money. These are called 'Alternative Payment Arrangements'.

Not all requests for Alternative Payment Arrangements will be granted as each request will be considered on its own merits and against the eligible criteria.

If you are eligible you can get:

- Money paid directly to your landlord for rent - this means the housing element of Universal Credit will automatically get paid each month to your landlord from your Universal Credit payment.
- Payments weekly or fortnightly instead of monthly - this can help prevent you from running out of money if you're struggling to make your payment last a whole month.
- Payments split into 2 bank accounts instead of one (couples only) - this can help you manage your money yourself if you have responsibilities that are different to your partner's, or if you've been a victim of abuse and want to manage your money yourself.

Alternative Payment Arrangements can be considered at any point during the Universal Credit claim. If you are currently applying, or about to apply for Universal Credit, you can ask for an Alternative Payment Arrangement at your interview.

You will also need to be aware that should you fall into rent arrears, your landlord can apply for a third party deduction directly from your Universal Credit payment. This will only apply if you are at least 2 months in arrears with your rent. You may want to talk to your landlord and come to an arrangement (to avoid these deductions) if you are at least 2 months in arrears with your rent. Speak to your work coach for further information if you are already receiving Universal Credit.