



*The Help and Advice  
You Need!*

## WELFARE BENEFITS FACTSHEET

V1, 22/4/2020

# AN INTRODUCTION TO UNIVERSAL CREDIT

Universal Credit is replacing six benefits:

Job Seekers' Allowance  
Child Tax Credit  
Income Support

Employment and Support Allowance  
Working Tax Credit  
Housing Benefit

Universal Credit is paid calendar monthly, in arrears, and this single payment is paid to one designated person in the household. This payment will include your rent, and tax credits for your children. It is important, therefore, that you budget for the money to last the whole month.

A person needs to apply online, provide proof of your identity, agree a Claimant Commitment, and all correspondence should be done via your online portal. Normally you have to visit the Job Centre to pass an identity check, but the DWP is using other methods of verifying your identity whilst the JCP's are closed. Please note, that once you have started your claim for Universal Credit, the DWP said that your claim will have been logged, and they will contact you if they need information. People are concerned that with the sheet volume of applications, that they are trying to get through to the DWP for hours on end. If a person is unable to use the on-line application process, then in a few special circumstances, there is the option to apply over the telephone (0800 328 5644).

If you are going to be struggling for money in the short-term, it is possible to ask for an interest-free advance on their first month's payment, which is paid back monthly, from your on-going UC payments, over the next twelve months.

The amount you will receive depends on your family circumstances—if you have a partner, children; if you have a disability or long term health condition, if you rent or own your home, you are employed, off sick, or self-employed.

You can check how much money you should receive by doing a benefit calculation on

**[www.turn2us.org.uk](http://www.turn2us.org.uk)** or **[www.entitledto.co.uk](http://www.entitledto.co.uk)**

It is worth noting that if you have been employed as a PAYE employee continuously for the past two years, and paid your National Insurance stamps, then you may be able to apply for New Style JSA; or ESA, if you are now too ill to work. This may be a better option for some people, for example, those of you who have been furloughed, but who will be returning to work once this is possible. The reason for this is that once you start receiving Universal Credit, then any claim for legacy benefits is cancelled. For example, if your partner received Child Tax Credits, once you have made a claim for Universal Credit, then the amount they were receiving in Tax Credits will be incorporated into your UC claim, and their claim to Tax Credits will stop. If you are able to go back to work after the situation returns to normal, and you, personally, no longer need to claim Universal Credit, your partner will not be able to have their Child Tax Credits reinstated, but you will need to continue to claim Universal Credit to make up the difference in their income.

Although you may be able to get help to pay for your rent, you will not be able get help with your mortgage for the first 39 weeks. You may also be entitled to Council Tax Support, but you need to apply for this separately. You can also apply to your local council for Discretionary Housing Payment to help with your rent, if, for example you are affected by the “Bedroom Tax”

Benefits which are not affected by Universal Credit are Child Benefit, Council Tax Support, PIP/ DLA, Carer’s Allowance and Statutory Maternity Pay.

### **THIRD CHILD RULING**

If you are applying for Universal Credit for the first time, it is worth noting some differences between this and the legacy benefits. In 2017, legislation was brought in meaning that a family can only claim for the first two children they have, any third child born after will not be included in any financial payment to you as part of Universal Credit. In essence this means that, should you claim Universal Credit, then you will not receive financial support within your UC claim for your third child if he/she was born after April 2017. This ruling does not, however, affect Child Benefit, which will continue to be paid for each child you have.

### **BENEFITS CAP**

Universal Credit may also be affected by the Benefit Cap. This ruling was brought in in 2013, using the rationale that people on benefits should not be better off financially than people who were working, but on low wages. For Merseyside, the Benefits Cap currently is set at £20,000 per year for a couple with or without children, or a single parent family with children. What this means is that when all the benefits your household receives are added together they need to amount to under £20,000 for you not to be penalised. Any benefits your household is receiving above the £20,000, is then deducted from the amount of Universal Credit a family is claiming. Ironically, people may be affected by the Benefits Cap, who until April 2020 were not; this is because, after a four-year freeze in rates, working age benefit amounts were raised in line with inflation.

The benefits which are taken into account when triggering the Benefits Cap are:

Housing Benefit	Child Benefit
Maternity Allowance	JSA/ESA
Widowed Parents’ Allowance	Bereavement Allowance

There are exemptions for households where someone receives a disability related benefit, eg PIP, or Carer’s Allowance, as well as households where a person is working for over 16 hours a week, or has recently been in work, in which a 39 week grace period will apply. Hopefully, therefore, people who have been furloughed will not be affected by the Benefits Cap, as they will be able to return to work. Sadly, however, some people may find that they have no work to which to return, and in this instance, in the future, they may well be affected by the benefit cap.

### **SELF-EMPLOYED PEOPLE AND UNIVERSAL CREDIT**

Universal Credit uses a term the “Minimum Income Floor”, which means that after trading for 12 months, there is an arbitrary amount that the government says you have earned in self-employment, which is 35 hours a week at the minimum wage, whether or not your income reached that amount or not. Your UC entitlement is then calculated on this figure, rather than real-time information on how much you actually earned.

The Government has announced that from March 2020, the MIF policy will be temporarily Suspended, but no time limit has been specified.

**For more advice, contact us on 0151 662 0059**  
**(Tuesday and Wednesday—11 am—3 pm, and Thursday, 11 am—1 pm)**  
**or via email on [enquiries@liverpoolcommunityadvice.org.uk](mailto:enquiries@liverpoolcommunityadvice.org.uk)**