

Universal Credit

September 2018



This factsheet is for single parents who may be about to claim universal credit, are already getting it or who have heard of its introduction and want to know more.

What is universal credit?

Universal credit is a means tested benefit that has gradually been introduced across the UK. It provides financial support, for living expenses and housing costs, to working age people both in and out of work. Universal credit was created to simplify the benefits system, by replacing income support, jobseeker's allowance, employment and support allowance, housing benefit, child tax credit and working tax credit. Instead of claiming a number of these older or 'legacy' benefits you will now claim just this one. It is expected that by 2022 the majority of people, entitled to benefit, will be getting it.

Claiming

Who can claim

Single parents can claim universal credit, both in and out of work, between the ages of 16 and 65. The upper age will increase in line with the qualifying age for state pension. Pregnant women over the age of 16, and within 11 weeks of the date their baby is due, can also claim.

You will only be able to make a new claim for universal credit if you live in an area where it is available to families. These are called 'full service' areas. Universal credit was initially only available to single people via what was called the 'live service' but this has now been closed. If you claimed under the live service you will continue to get universal credit and be transferred to the full service at a later date. People getting universal credit through the live service have to report any changes or make enquiries by phone. Those who claim via the full service have to do this online.

If making a new or first claim for a benefit in a full service area you will need to claim universal credit rather than one of the older legacy benefits.

Timetable for introduction

At present the only local authorities where you can claim universal credit as a family are:

- Angus
- Clackmannanshire
- Dundee City
- East Ayrshire
- East Dunbartonshire
- East Lothian
- Falkirk
- Fife
- Highland
- Inverclyde
- Midlothian Council (Dalkeith and Penicuik)
- North Ayrshire
- North Lanarkshire
- South Ayrshire
- South Lanarkshire
- Stirling

It is expected to be available in the rest of Scotland in the following order:

- **May:** West Lothian, Dumfries and Galloway
- **June:** Aberdeenshire, Scottish Borders, Moray, Perth and Kinross
- **September:** Shetland Isles, Orkney Isles, Eilean Siar (Western Isles), Glasgow City (Govan, Laurieston and Newlands), Argyll and Bute, East Renfrewshire and Renfrewshire
- **October:** City of Edinburgh, Aberdeen City, Glasgow (Partick and Springburn), West Dunbartonshire
- **December:** Glasgow (Castlemilk, Drumchapel and Shettleston)

Moving from other benefits to universal credit

People getting income support, jobseeker's allowance, employment and support allowance, housing benefit, child tax credit and working tax credit (legacy benefits) will be transferred to universal credit from 2019. When this happens you will not suffer a drop in income if the amount of universal credit is less than you were receiving before the transfer. However, the payment you receive will not be up-rated each year, but will stay the same until it is equal to universal credit. This is called transitional protection.

A change of circumstance that means you would have to claim a different legacy benefit could result in you receiving universal credit instead. For example if you are getting income support and your youngest child turns five you will receive universal credit rather than jobseeker's allowance. You will not get transitional protection if this happens.

If you have a change of circumstances while receiving universal credit you will drop to the current amount of universal credit.

You can choose to move from legacy benefits to universal credit, rather than wait to be transferred by the Department for Work and Pensions (DWP), but it is best to get advice before doing so as you might be worse off.

How to claim

You have to claim universal credit on-line. If you are unable to do this you need to call the Universal Credit Helpline for where to get help.

Apply for universal credit online:

- ▶ www.gov.uk/apply-universal-credit

Universal credit helplines:

- ▶ Live service: **0800 328 9344**
- ▶ Full service: **0800 328 5644**

Your on-line account

You will be given a username and password for your on-line account and it will be your responsibility to keep all your personal details and information on your account up to date.

This account is where you will be able to:

- Report any changes in your circumstances like starting work, having a baby, requesting help to pay for childcare, flagging up a disability, change to your hours of work, etc
- Check when your next payment of universal credit will be
- Look at your claimant commitment
- Check your to-do-list and add any notes to your journal

If you don't have a computer at home you might be able to use one in a library or your local Jobcentre.

Information you need to make a claim

There are a number of pieces of information you'll need to hand to apply for universal credit on-line. These will include:

- Your postcode
- National Insurance number
- Details of your bank/building society account
- Housing details including your landlord's address and phone number
- Details of earnings and other money like benefits, savings, shares or pensions
- Childcare costs
- Child Benefit reference numbers for any children you have

After applying on-line you will be contacted, usually by text, and asked to go for an interview at the Jobcentre where you'll need to provide evidence of the information you have entered in the on-line application form. It's worth spending a bit of time getting everything together before you apply and to take to your interview.

The Jobcentre Plus interview

This interview is with a Jobcentre Plus staff member who'll become your work coach. You will see them regularly for support to help you find a job.

If you miss this interview your application will be cancelled, you'll not be entitled to any universal credit and will have to apply again.

The claimant commitment

In order to complete your claim for universal credit you need to sign a claimant commitment. You will do this during the interview, with a work coach, after you have made your online claim.

The claimant commitment is a contract between you and DWP and will include:

- How many hours a week you have to job search
- Any caring responsibilities you have
- Any disabilities affecting your ability to work or jobs you can apply for.

It is also a record of tasks you must complete, called work related activity, to remain entitled to universal credit.

Your work related activity depends on your circumstances and the age of your children. It includes writing a cv, obtaining skills, training, applying for and taking a job.

Single parents have:

- No work related activity if they are pregnant and within 11 weeks of the expected date of delivery or they have a child under one year
- Work focused interviews if their youngest child is one year old
- Work preparation (not including applying for or taking a job) if you have a child of two years old
- All work related activity (including applying for and starting work) if your youngest child is three or over.

If you have a child under 13 you can restrict the hours of work you are looking for to school hours. This should also be put into your claimant commitment so your work coach is fully aware of all restrictions you have.

Once these things are agreed you'll sign your claimant commitment. Any changes to your claimant commitment must also be agreed with your work coach.

It is very important that you consider carefully what is included in the claimant commitment as your universal credit can be stopped if you do not follow it.

How universal credit is paid

Payments are made on the same date each month into your bank account.

Assessment periods

The assessment period for universal credit is one calendar month.

Your first assessment period usually starts on the date of your claim but you do not receive your first payment until one week after the first assessment period has ended. This is your payment date. You will have to wait five weeks for this first payment unless you ask for an advance. You will then get payments on the same date of the month but can ask for payments to be made twice per month.

For example: If you claimed universal credit on the 14th of the month, your assessment period runs from the 14th of that month to the 13th of the following one. Your payment date is one week later.

If your payment date is on the 29th, 30th or 31st of a month, you will be paid on the last day of the month.

Advance payments

If you don't have enough money to live on while you wait for your first payment of universal credit you might be able to get an advance payment. This is a loan you need to pay back, over a 12 month period, from future universal credit payments. You must show that you are in financial need to get this advance.

The maximum advance you can get is your monthly estimated universal credit amount.

You should request an advance at your universal credit interview or by calling one of the free universal credit helpline numbers.

Universal credit helplines:

- ▶ Live service: 0800 328 9344
- ▶ Full service: 0800 328 5644

Universal credit Scottish choices

As part of the new social security powers in Scotland, you now have a choice on how you are paid universal credit. It can be paid twice a month or monthly, and the housing element can be paid directly to you or your landlord. You will be offered the new choice through your universal credit online account following your first payment.

See more details of the Scottish Government Choices:

- ▶ <https://beta.gov.scot/policies/social-security/universal-credit/>

Twice monthly payments

After your first payment of universal credit you can ask, via your online account, to be paid twice monthly. Your monthly payment will then be split and paid in two lots.

Housing costs direct to landlords

You can ask that your housing costs are paid directly to your landlord. You can request this on your online account after your first payment. The DWP will contact your landlord to arrange this.

If the housing cost element in your universal credit award is less than your full rent, then you must continue paying the difference to your landlord yourself.

The DWP will leave a message in your online journal to let you know that this has been set up. It is important that you keep paying your rent until you have confirmation of this from the DWP.

Change of circumstances

Changes in your circumstances during an assessment period may alter your payment.

These changes can include:

- Starting or leaving work
- Moving home
- Your rent going up or down
- Having a baby

A change of circumstances takes effect from the beginning of the assessment period in which it occurs. This can result in an increase or decrease of universal credit for you. Here are some examples:

Example 1:

Your child leaves your household one day before the end of your assessment period. You will lose the child allowance for the whole of the month. If your son/daughter had left one day later, you would have got the full monthly allowance for her/him.

Example 2:

You move into cheaper accommodation four weeks into your assessment period. You will get reduced housing costs for the whole month. If you had moved a few days later, you would have got your previous entitlement to housing costs for the whole month.

It is your responsibility to report a change of circumstance on time. If you receive an overpayment of at least £65.01, as a result of not reporting a change, you could be fined £50 or prosecuted by the DWP.

Example 3:

You lose your job at the start of your assessment period resulting in a drop of in you income. Your universal credit award will increase for the whole of that assessment period.

How universal credit is calculated

Universal credit is made up of different amounts call elements.

The elements you are entitled to are all added together to give your maximum monthly amount of universal credit. You would get this if you are not working or have a very limited income.

As the actual amount of universal credit you receive depends on the number of children you have, any disabilities, housing costs, childcare costs and income the amount is different for each family.

Elements

Standard allowance

This is an amount given for the person, or couple, making the claim.

Child element

This is an amount given for each child. It is normally only given for two children but there are exceptions to this rule.

Exceptions apply where a third or subsequent child has been adopted, there is a kinship care arrangement or the child was conceived as a result of rape. If your third or subsequent child has a disability you will receive a disabled child element but not the child element.

If you have more than two children you cannot make a new claim for universal credit until after January 2019 even if you live in a full service area. You will have to claim tax credits instead.

If you already receive universal credit for more than two children you will continue to get it, for all of them, for as long as they remain your responsibility. If you have two or more children and have another child, born after April 6 2017, you will not get universal credit for the new baby.

Disabled child elements

If your child has a disability you will get one of these elements added to your award as well as the child element.

There are two disabled child elements:

- A lower amount for children getting disability living allowance or personal independence payment
- A higher amount for children getting the highest rate of disability living allowance care component, the enhanced rate of personal independence daily living component or who are severely sight impaired.

If it is your 3rd or subsequent child who has the disability and you are affected by the two child limit you will still get these disabled child elements.

Limited capability elements

These elements are given to adults whose ability to work is affected by a health condition or disability. There are two amounts:

- the limited capability for work and work related activity element or
- the limited capability for work element because of a health condition or disability.

In order to qualify for one of these elements you would need to undergo an assessment. The result of this would determine what element would be added to your universal credit award. You would get this element in addition to the standard allowance.

Carer's element

This would be added to your award if you care for someone entitled to certain disability benefits (See the [Disability Benefits for Single Parents and Their Children](#) factsheet).

Housing costs

If you pay rent an amount to help with this will be added to your calculation.

Childcare costs

An amount to pay for registered childcare is added to your award if you are working. It does not matter how many hours you work or how much you earn but there is a limit on how much you can get. 85% of your childcare costs will be taken into account but the most you can be paid for one child is £646.35 per month or up to £1108.04 per month for two or more children.

You can get help with childcare costs for more than two children.



Table 1: Universal credit elements

Standard allowance	£ per month
Single claimant under 25	£251.77
Single claimant 25 or over	£317.82
Limited capability for work and work related activity	£328.32
Child element	£ per month
Child or qualifying young person	£231.67
Disabled child or qualifying young person lower rate	£126.11
Disabled child or qualifying young person higher rate	£383.86
Childcare costs element	£ per month
Maximum amount for one child	(85% of £760 limit) £646.35
Maximum amount for two or more children	(85% of £1,300 limit) £1,108.04
Carer's element	£ per month
Carer's element	£156.45
Housing cost element	
An amount equivalent to eligible rent or mortgage interest payments. Only claimants who are not working will receive help with mortgage interest payments. There is a waiting period of 39 weeks before it is added.	

Savings

If you have savings or capital over £16,000, you will not get universal credit. If you have savings or capital between £6,000 and £16,000, your universal credit award will be reduced by £4.35 (per month) for every £250 your capital exceeds £6,000.

Case study: Jenny



Jenny is a single parent of two children aged four and nine. Her four year old gets disability living allowance high rate care.

She is not working but gets carer's allowance which is treated as unearned income so reduces her maximum universal credit award pound for pound. She is entitled to help with the full amount of her rent of £477 per month.

Calculate maximum universal credit:

STANDARD ALLOWANCE	£317.82
CHILD ELEMENT	+ £231.67
CHILD ELEMENT	+ £231.67
DISABLED CHILD ELEMENT HIGH RATE	+ £383.80
CARER'S ELEMENT	+ £156.45
HOUSING ELEMENT	+ £477.00

MAXIMUM UNIVERSAL CREDIT	£1798.41

Adjust for unearned income:

Jenny has unearned income (carer's allowance) which reduces her maximum award pound for pound:

MAXIMUM UNIVERSAL CREDIT	£1798.41
UNEARNED INCOME	- £279.93

UNIVERSAL CREDIT AWARD	£1518.48

Jenny will receive a universal credit award of £1518.48 per month. She will also receive child benefit, carer's allowance, disability living allowance for her daughter and help with council tax.

How earnings and income affect universal credit

If you are working your earnings could affect the amount of universal credit you are entitled to. Some of your earnings will be ignored when calculating how much universal credit you will receive. These disregarded amounts are called the 'work allowances'.

There are two work allowances that apply to single parents:

- **Lower work allowance of £198**
if you have housing costs included in your universal credit calculation.
- **Higher work allowance of £409**
if you do not have housing costs included in your universal credit calculation.

Any earnings over these work allowances will reduce the amount of universal credit you will receive.

Other taxable income, such as a pension or a contribution based benefit, will also reduce the amount of universal credit you receive.

Disability living allowance, personal independence payment and maintenance paid for children is disregarded completely.

Contact the Lone Parent Helpline for further information:

▶ 0808 801 0323

Self-employed claimants

If you are self-employed, you will have to report your earnings (i.e. profit after deductions and expenses) to the DWP every month. This information will then be used to calculate entitlement to universal credit. If no profit is made a maximum universal credit award will be paid each month, during the first year. After this start-up period an income will be assumed based on minimum wage at the number of hours (16 for single parents) you are expected to work.

Students

Single parents are one of the groups of students who can claim universal credit. Your loan and grants will affect how much you get.

For more Information contact the Lone Parent Helpline:

▶ 0808 801 0323

The benefit cap

The benefit cap is a restriction on the total amount of benefit a household can receive.

Households where monthly earnings from employment total at least £520 (16 hours p/w at National Living Wage), where someone receives carer's allowance, the carer's element in universal credit or has an underlying entitlement to them, is in receipt of war widow or widowers pension, disability living allowance, personal independence payment, attendance allowance, industrial injuries benefits, guardian's allowance, the support component of employment and support allowance or the limited capability for work and work related activity element of universal credit, are exempt from the cap.

The limit has been set at £20,000 per annum (£1,667 per month) for a couple or single parent household and £13,400 per annum (£1,117 per month) for single claimants. Benefits included in the cap are bereavement allowance, child benefit, child tax credit, contribution-based employment and support allowance, jobseeker's allowance, maternity allowance, universal credit, widowed parent's allowance and widow's benefit.

All relevant benefits will be added up and any amount over the limit will be deducted from universal credit.

If you lose your job, but have earned over £520 per month in each of the previous 12 months, the cap will not affect you for the next nine months.

Sanctions

Your universal credit could be reduced for a period of time if you don't carry out the tasks in your claimant commitment (see above). This is called a sanction.

The length of sanction depends on:

- the work related activity you are expected to do
- the activity you failed to complete and
- the number of times you didn't complete it.

There are four levels. Each reduces your universal credit for a different period of time:

- High: at least 91 days
- Medium: at least 28 days
- Low: at least seven days
- Lowest: until the task that was not carried out is undertaken

More than one sanction can be applied at the same time. A second or third sanction will increase the length of time your universal credit is reduced but not the amount of money you lose each month.

If you are subject to high, medium or low level sanctions, you will lose an amount equal to the standard allowance (£317.82 per month) of your universal credit for the length of the sanction. If you have a child under three years, you will lose an amount equal to 40% of the standard allowance from your universal credit.

Single parents with a child under one year old or who have limited capability for work related activity cannot be sanctioned.

Example

Jon has two children aged eight and ten. He is not working and has rent of £509 per month. His universal credit award is £1290.16 per month. He is given a medium level sanction for not attending an interview for a job. This means he will lose the personal allowance from his universal credit for 28 days reducing his universal credit to £972.34.

One week later Jon is sanctioned again for refusing to accept a job offer. This time he is given a high level sanction. It is also the second time he has failed to fulfil the terms of his claimant commitment so he will lose the standard allowance from his universal credit for 182 days. This sanction will start when his first one ends meaning Jon's universal credit will be reduced for seven months in total.

Hardship payments

If, as a result of a sanction, you are unable to meet the costs for food, heating, housing and hygiene, you may be entitled to a hardship payment of 60% of the standard allowance of universal credit.

Any hardship payments received must be repaid from universal credit once the sanction has been lifted, unless you move into work and earn more than 16 hours per week at national living wage.

In this case the recovery of hardship payments will be suspended and written-off if the employment continues for at least six months.

Help with your mortgage

You may be offered a support for mortgage interest loan from DWP to help pay mortgage interest. The maximum loan you would be entitled to is for a mortgage of £200,000. You will only be offered this if you are not working. The loan will accrue interest and must be repaid when you die or sell your home. It is not compulsory so you will need to decide whether you want to take it or pay the interest on your mortgage yourself.

Free school meals, health and other benefits

If you receive universal credit, you are entitled to free NHS dental treatment, vouchers towards glasses or contact lenses and help towards the cost of travel to hospital for treatment if you have no earnings or net earnings of £935 or less in your most recent assessment period. You are also entitled to free school meals for your children if your earnings are below £616.67 per month.

Useful contacts

Universal Credit Helpline:

(Open: Monday - Friday 8am - 6pm)

Live Service: 0800 328 9344

Full Service: 0800 328 5644

www.gov.uk/universal-credit

Local Council Welfare Rights Worker

All local authorities have a team who deal with benefit enquiries. Some will also deal with debt. Contact your local council.

Citizens Advice Bureaux (CAB)

www.cas.org.uk

Offices throughout Scotland offering advice and support on many issues including welfare benefits.

Supporting and inspiring single parent families across Scotland

For further information about OPFS or our services, please contact:

One Parent Families Scotland,
13 Gayfield Square, Edinburgh EH1 3NX

Tel: 0131 556 3899

Email: info@opfs.org.uk

Helpline: 0808 801 0323

Helpline email: helpline@opfs.org.uk

Visit our website at www.opfs.org.uk

More help from OPFS

You may also be interested in these related information packs available from OPFS:

- [Separation and Divorce](#)
- [Money for Single Parents](#)
- [Money If You Are Working](#)

Call the helpline on 0808 801 0323, or download them from www.opfs.org.uk.

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