**Universal Credit**

**What?**

This will replace means-tested benefits, so that’s:

* [Income Support](http://www.turn2us.org.uk/information__resources/benefits/expecting_or_bringing_up_child/income_support.aspx)
* [income-based Jobseeker’s Allowance](http://www.turn2us.org.uk/information__resources/benefits/working_or_looking_for_work/jobseekers_allowance.aspx)
* [income-related Employment Support Allowance](http://www.turn2us.org.uk/information__resources/benefits/illness,_injury_and_disability/esa.aspx)
* Housing Benefit
* [Child Tax Credit](http://www.turn2us.org.uk/information__resources/benefits/expecting_or_bringing_up_child/child_tax_credit.aspx)
* [Working Tax Credit](http://www.turn2us.org.uk/information__resources/benefits/working_or_looking_for_work/working_tax_credit.aspx)

**When?**

Universal Credit will be phased in over four years between 2013 to 2017

**Phase 1: October 2013 - April 2014:** 500,000 people making new claims for means-tested benefits will get Universal Credit instead. 500,000 existing claimants will move on to Universal Credit due to ‘natural migration’: when you have a significant change of circumstances.

**Phase 2: April 2014 - late 2015:** 'Managed migration', ie, those people thought to benefit most from UC will moved over. This will affect 3.5 million existing claimants (and their partners and dependants).

**Phase 3: end of 2015 - October 2017:** Everyone else will be transferred to Universal Credit: this will affect around 3 million households.

**What you need to know:**

This is a massive reorganisation of how means-tested benefits are managed. At the moment Housing Benefit is managed by local authorities, but with Universal Credit the DWP will administer it.

Universal Credit is designed to ease the transition in and out of work as people won’t need to transfer to a different benefits as their situation changes. This has been designed to make things easier for people.

At the moment, claimants get benefits income from the DWP (JSA, IS or ESA) and a separate payment from the local authority to pay their rent (Housing Benefit and Council Tax Benefit), so there are two separate payments. But with Universal Credit, the DWP are taking over Housing Benefit and this will be included in benefits income paid by the DWP.

Local authorities will continue to administer Council Tax Benefit (see section on Council Tax Benefit, as there are changes happening in April 2013 that may affect you).

Universal Credit will mean money will be paid monthly to each household in one lump sum. The big difference here is that people are used to getting their payments each fortnight. Payments can be split over the month in exceptional circumstances only.

Having one payment a month may make it easier for some people, but it means it will place more responsibility on individuals to manage their finances themselves. For example, if someone gets £900 per month, they will have to make arrangements to ensure their rent is paid, whereas in the current system, Housing Benefit is sometimes paid directly from the local authority to the landlord. This responsibility could be difficult to manage for some people.

**How much?**

To be confirmed. Claims will be made by households rather than individuals and the amount awarded will depend on the income and circumstances of all the household members. The Government intends to make sure that no one, whose situation has otherwise not changed, ends up worse off when transferred to Universal Credit. Additional payments will be given if necessary, so these claimants don't end up with less than they were getting in benefits before.

There will be a basic allowance with different rates for single people and couples and lower rates for younger people. Much the same as those used in [Income Support](http://www.turn2us.org.uk/information__resources/benefits/expecting_or_bringing_up_child/income_support.aspx), [Jobseeker’s Allowance](http://www.turn2us.org.uk/information__resources/benefits/working_or_looking_for_work/jobseekers_allowance.aspx) and the assessment phase of [Employment and Support Allowance](http://www.turn2us.org.uk/information__resources/benefits/illness,_injury_and_disability/esa.aspx).

There will then be additional amounts available for those with:

* A disability
* Caring responsibilities
* Housing costs
* Children
* Childcare costs

People will be able to earn extra money from paid work which won’t affect their benefits. This amount is called an ‘earnings disregard’. If you get paid more than the earnings disregard amount, then your universal credit will be gradually reduced, ie, as people increase their earnings, their benefits will be reduced.

Universal Credit will have one taper rate for earnings set at 65%. For example, a taper rate of 65% means that you would lose 65p out of every pound of earnings.

There will be a cap on how much UC a household can get. This is called the Maximum Limit. For single people it is expected to be £350 per week and for couples it is expected to be £500 per week. This will adversely affect households with lots of children.

Universal Credit will not affect DLA, or its successor, PIPs (personal independence payments)

**Carer’s Allowance:** The Government is considering whether the introduction of Universal Credit will mean changes need to be made to [Carer’s Allowance](http://www.turn2us.org.uk/information__resources/benefits/caring_for_someone/carers_allowance.aspx). Although no changes have been announced, the Welfare Reform Act 2012 makes clear the intention that people in receipt of Carer’s Allowance will be offered support to maintain links with the world of work and will continue to receive national insurance credits.