

# Staffordshire Independence Programme



## MODULE 11:

### *BENEFITS, BUDGETING AND BUYING INTO YOUR FUTURE*

If you do not already, this module will help you to:

1. Know what Universal Credit is and how you apply for it;
2. Identify where you can access support and advice about benefits;
3. Create a personal budget for yourself taking your income into account;
4. Understand the impact getting a job may have on the benefits you receive;
5. Understand the consequences of making a fraudulent claim or not reporting a change to your circumstances;
6. Regularly check for texts/emails from the Department for Work and Pensions (DWP) and respond in a timely manner;
7. Understand the importance of regularly accessing your online work journal when claiming Universal Credit;
8. Understand the need for a bank account in order to receive benefits or hold a tenancy;
9. Budget for events e.g. Christmas/holidays
10. Know how to look up a Universal Credit payment to check it is correct;
11. Understand the importance of having ID e.g. passport, driving licence etc. and when you will need to use it;
12. Apply for jobs;
13. Know where to go for support and advice about increasing your employability.



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First off, let's see what you already know...

1. Which of the following are NOT benefits in the UK?
  - a. Housing benefit
  - b. National credit
  - c. Job seeker's allowance
  - d. Working tax credit
2. Benefit fraud includes giving the Department for Work and Pensions (DWP) false information or not updating them when your circumstances change. What will happen if you found guilty of benefits fraud?
  - a. Nothing
  - b. Loss of benefits for up to 3 years
  - c. A fine of between £350-£5000
  - d. Prosecution
  - e. Criminal record
  - f. Repayment of overpaid benefits
3. True or False: If you do not have a bank account, your benefits can be paid to you in cash.
  - a. True
  - b. False
4. Who has to pay council tax?
  - a. Anyone over the age of 18
  - b. Anyone over the age of 18 in work
  - c. Anyone over the age of 18 who is in work when they reach a certain wage
5. You receive your first Universal Credit payment on 6<sup>th</sup> April, when will you receive your next payment?
  - a. 20<sup>th</sup> April (2 weeks later)
  - b. 4<sup>th</sup> May (4 weeks later)
  - c. 6<sup>th</sup> May (1 month later)

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#### Universal Credit

If you are not in employment you will be entitled to claim benefits, the amount that you receive will vary depending on your situation. In the past there were different benefits for different areas; e.g. Housing Benefit to cover rent costs and Job Seeker's Allowance for someone seeking employment, however, if you apply for a benefit claim today, you are more than likely going to be claiming Universal Credit.

*Universal Credit* is a payment to help with your living costs and is paid monthly. It is a relatively new benefit to be introduced to the UK. It covers several areas which were previously separate benefits so that you make **ONE CLAIM\*** instead of numerous different ones, including:

- Child Tax Credit;
- Housing Benefit;
- Income Support;
- Job Seeker's Allowance (Income-related) (JSA);
- Employment and Support Allowance (Income-related) (ESA);
- Working Tax Credit.

The maximum amount of money you receive from Universal Credit is calculated using a number of components, including; single person rate and rent as well as any earnings/savings/rent restrictions you have.

\*Exceptions:

- New Style Job Seeker's Allowance (JSA) can be claimed for a maximum of 6 months when your National Insurance (NI) contribution record is correct.
- Employment and Support Allowance (ESA) can be claimed for up to 12 months depending on your National Insurance (NI) contribution record.

*Overall, it is best to check with the Job Centre as they will advise you about the benefits you are entitled and eligible to claim based on your individual circumstances.*

When claiming Universal Credit (or any other benefits you are advised you are eligible to) you do not need to do anything unless:

- Your circumstances change – you will need to report this;
- The Department for Work and Pensions (DWP) contact you about moving to Universal Credit (this will be less common now that Universal Credit is rolled out across the UK).

*Taken from GOV.UK*



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#### Claiming Benefits

When you make a new Universal Credit claim you will be asked to sign up to a 'claimant agreement'. When signing up to this, you are agreeing to search and apply for jobs for 35 hours per week – if you do not evidence this you could be sanctioned. It is important to remember that your Work Coach will support you to find work or training to give you better access to employment.

The benefits system is very complicated and can be different from person to person, but as long as you follow the steps you are informed to, you should receive the benefits you are entitled to on time and without issue.

It is essential that you are truthful when making a benefit claim and whenever you have an appointment about your benefits.

You must update the Department for Work and Pensions (DWP) of any changes to your contact details, as well as any changes to your circumstances e.g. a partner moving into your property or moving address.

It is important to know what you could be sanctioned (have your benefits reduced or stopped) if you do not follow what you are told by the DWP, including:

- Being late for appointments or interviews;
- Not turning up to a meeting at the Job Centre;
- Not taking part in an employment or training scheme.

It is more likely that now you will be able to apply for Universal Credit. The main difference is that Universal Credit is paid monthly rather than every two weeks that benefits in the past such as Job Seeker's Allowance. You will receive support to get into employment, as this benefit will not stop completely until you are earning over a certain amount (the support you receive from Universal Credit will reduce with the more you are earning from employment).



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#### How to make a claim

As a Staffordshire Care Leaver, the Care Leaver's Protocol allows your PA to support you to set up a Universal Credit ~~ONE MONTH~~ before your 18<sup>th</sup> birthday. This will speed up the process of receiving your benefits after your 18<sup>th</sup> birthday, but to put in an early claim, you will need the following:

- Your bank details (it is essential that you have a bank account)
- The type of accommodation you have and landlord's details (if this is unclear at the time, you can add a note/amend the application when you sign a tenancy)
- Your email address
- Your National Insurance Number (although not necessary, you may be asked to verify this when you go to the Department for Work and Pensions (DWP))
- Housing details including rent amount, rent free weeks, service charges
- Education details
- Any health issues you have
- Income
- Any savings or investments you have
- Childcare costs (if required)
- Proof of ID (3 documents, which usually include your passport/driving licence/Biometric card, bank card, bank statement)
- Your mobile number

Once your claim is set up one month before your 18<sup>th</sup> birthday, all you will have to do on the day is to confirm all the details and submit the form, which should not take up much of your time on your birthday! You will be asked to verify your ID online (or in person if needed), or you can do this at your first appointment.

You will also be asked how you would like the DWP to contact you – via text or email. It is important you respond to this as soon as you can, usually by logging into your online journal (you risk being sanctioned if you do not respond quickly).

**TOP TIP:** When you have login details to your online journal, it may be useful to have a look at it and become familiar with how it works before having to use it regularly. You will be responsible for setting up your online journal so you will have to remember your login details!

**TOP TIP:** At your first Department for Work and Pensions appointment you will be issued with a Personal Security Number (PSN) which is the size of a credit card. It is **VITAL** you keep this safe as this will allow you to use a device e.g. tablet. To do this the first time you will be asked for the 1<sup>st</sup>, 5<sup>th</sup> and 16<sup>th</sup> number to verify your identity. (If you lose this, you will have to request a new one from the DWP but will need to take some forms of ID for this to be done).

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#### Living within your budget

Here are some examples of how Universal Credit can support you, and how this support can vary depending on your circumstances:

Gareth is 18 years old and single.

He pays no rent as he has not yet been allocated a property.

Therefore, Gareth can claim:

- £342.72 per month for himself

Gareth's total applicable amount is: £342.72 per month.

Gareth is 18 years old and single.

He has recently moved into a flat from the council paying £78 per week with no rent-free weeks

Therefore, Gareth can claim:

- £342.72 per month for himself (including all bills/electricity/gas/water etc)
- £338 per month for rent ( $£78 \times 52 \text{ weeks} \div 12 \text{ months} = £338$  (monthly amount))

Gareth is 18 years old and single.

He has recently moved again, this time the property costs £78 in rent per week but has 4 rent free weeks.

Therefore, Gareth can claim:

- £342.72 per month for himself
- £312 per month for rent ( $£78 \times 48^* \text{ weeks} \div 12 = £312$  (monthly amount)  
\*52 weeks – 4 rent free weeks = 48).

Gareth's total applicable amount is: £654.72 per month.



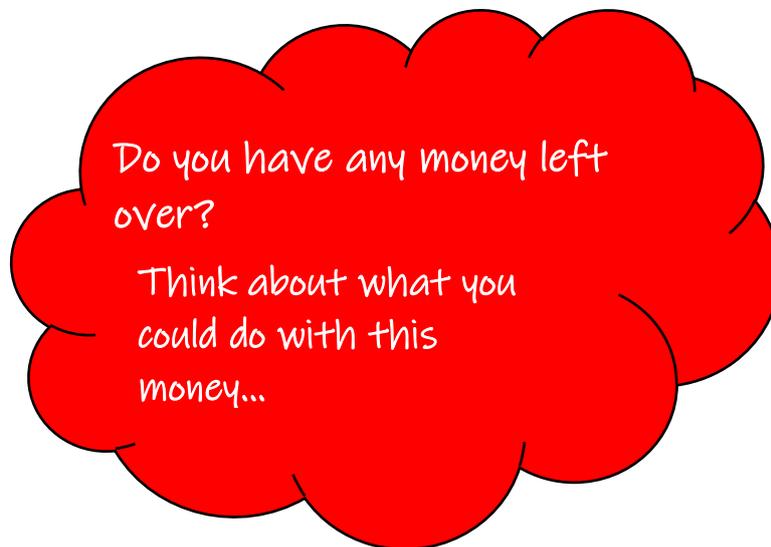
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#### Living within your budget

Look back at the budget you made in Module 9, now that you know more about any benefits you will be eligible to claim to help with your income, think about what your total income and outgoings will be using the table below:

Total Income	Total Outgoings	Money Leftover???



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#### Priority and Non-Priority Bills

When you look at your total income you will already be thinking of the bills you will have to pay as well as some of the additional items you would like to spend your money on. It is very important that you budget effectively and live within your means, therefore it may be helpful to categorise the things you spend money on as either priority or non-priority:

#### PRIORITY



RENT



ELECTRICITY



GAS



WATER



TV LICENSE



COUNCIL TAX –  
AFTER YOUR 21  
YEARS OLD



FOOD

#### NON-PRIORITY



Takeaway  
food



Bus fares



Hair cuts



Clothes



X box / PS4  
games



Magazines



Trainers

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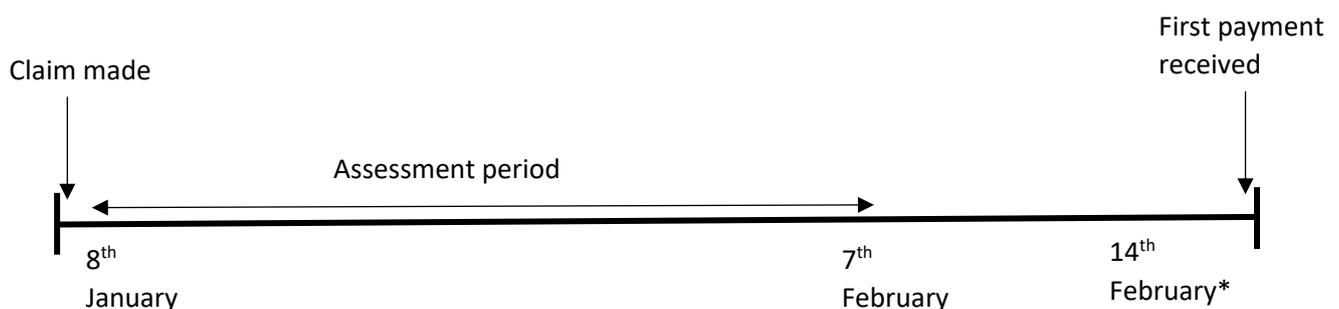
#### Other things you should know

##### **Advances:**

You can take an advance on a Universal Credit payment which means that you will receive the money early. You can take an advance of up to 100% of the money you receive. However, if you take an advance, or have any other overpayments/arrears (including rent and utilities) this will automatically be taken from future Universal Credit payments at a rate set by the Department for Work and Pensions (DWP), not by you. So it is important to weigh up the potential long term consequences you risk by taking an advance.

##### **How long between a claim being set up and first payment?**

Here is an example of the timeline from making a claim for Universal Credit to receiving payment:



\*Payments will then be made each month on the same date as your first payment, in this example on the 14<sup>th</sup> of every month.

Another example: If you submitted a Universal Credit claim on 19<sup>th</sup> January, the assessment period for your application would be between 19<sup>th</sup> January – 18<sup>th</sup> February, and you would receive your first payment on 25<sup>th</sup> February.

##### **Looking up a payment:**

A couple of days before a payment is due you will be able to log onto your online journal and see the amount that will be paid to you in a given month. If you look this up and it is not correct, it is important you seek advice from your Personal Advisor, your Work Coach, the DWP or Citizen's Advice.

##### **Direct Rent Payments:**

You will also have the option of rent being sent directly from DWP to your Landlord, or whether you want the money to be included in your monthly payments. The DWP will often encourage you to pay the rent to your landlord as this encourages 'workforce readiness'. However, if you get into rent arrears, your Landlord can request for rent to be paid to them from the DWP, in which case you would not receive the amount needed for rent.



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#### Where could you make savings?

Now you have worked out what your income and outgoings will look like once you are living in your own home, can you think of anywhere where you could make savings?

Think about ways you could save money on a weekly, monthly and yearly basis. Why not think about:

- Look for deals on items you buy regularly e.g. Groupon
- Shop around for cheaper prices on the items you like to buy e.g. B&M

If you saved you could use some of this money in emergencies e.g. if your washing machine break unexpectedly.

You could maybe try to save each month for Christmas so that you can afford presents for close friends and family.

Or you could save up enough money to treat yourself to the new pair of trainers you really want.



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#### Looking forward into employment

If you are eligible and able to, you will have to prove to the Department for Work and Pensions (DWP) that you are trying to find employment.

As a Staffordshire Care Leaver, you will be entitled to a range of support in helping you to get into employment or some form of education or training.

Reading the Staffordshire Local Offer will help you to learn about the services and support available to you. Look at the Useful Links section of this module for more information.

Having a CV will be essential when you are applying for jobs. You should have the opportunity to create a CV before you leave school, but if you haven't got one, or you need to update an older CV, there will be support available to you in your Job Centre. There are also a lot of resources online if you google 'CV templates'.



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#### How will your earnings affect your benefits?

Once you have got a job it is important to know the impact that this will have on the benefits you can claim.

Universal Credit is designed to help you with your living costs and therefore does not disappear the minute you get a job. However, the amount you receive from Universal Credit will reduce with the more you earn; whilst still receiving Universal Credit you will keep 37p for each £1 you earn.

E.g. If you are earning £10.00 an hour;

- You will keep £3.70
- The remaining £6.30 is taken into account and will reduce the Universal Credit payment you receive

So, if you earn £100 you will keep £37 of it and £63 will be taken into consideration and will be taken into consideration when reducing the amount of Universal Credit you will receive.

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#### Useful links –

Read the Staffordshire Local Offer here –

- <https://www.staffordshire.gov.uk/health/childrenandfamilycare/leavingcare/Local-Offer/Local-Offer-for-Care-Leavers.aspx>

For more information about Universal Credit –

- <https://www.gov.uk/universal-credit>

For more information about benefits sanctioning –

- <https://www.moneyadviceservice.org.uk/en/articles/benefit-sanctions-and-what-to-do-about-them>