Universal Credit is a new benefit for people aged between 16 and 64. It can be paid to people who are out of work and to those who are in employment. It is replacing most of the existing means-tested benefits for people of working age with a single monthly payment. It is administered by the Department for Work and Pensions (DWP) and most people are expected to claim it online.

**WHICH BENEFITS ARE BEING REPLACED BY UNIVERSAL CREDIT?**

Universal credit is gradually replacing:

- **Income Support**
- **income-based Jobseeker’s Allowance**
- **income-related Employment and Support Allowance**
- **Housing Benefit**
- **Child Tax Credit, and**
- **Working Tax Credit.**

These are known as the ‘legacy benefits’.

**WHEN WILL I BE ASKED TO CLAIM UNIVERSAL CREDIT?**

You will be expected to claim Universal Credit if you live in an area where the Universal Credit full service has been introduced and you try to make a new claim for one of the legacy benefits mentioned above. The Universal Credit full service is in the process of being rolled out across the UK and will cover the whole country by December 2018. You can find out whether you live in an area where the full service has already been introduced by using the postcode checker at:

www.universalcreditinfo.net

If you live in an area where the full service is introduced, and you try to make a new claim for one of the legacy benefits above, you usually need to claim Universal Credit instead. However, this only applies to families with less than three dependent children. If you have three or more children you cannot currently claim Universal Credit and must continue to claim legacy benefits instead. This restriction on claims by larger families is expected to last until November 2018.

This means that if a parent in a full service area with two dependent children loses their job and tries to make a claim for Income Support, they will be asked to claim Universal Credit instead. That Universal Credit award also then replaces any Housing Benefit and tax credits that they already receive. However, if that parent had three dependent children they would be able to claim Income Support and would continue to get tax credits and Housing Benefit.

**WARNING!**

If you have less than three dependent children and live in a full service area, there is nothing stopping you from choosing to claim Universal Credit instead of your existing benefits. However, this may not be a good idea, as many families with disabled children will be worse off. In particular, many families whose caring responsibilities prevent them from working will lose more than £1,750 per year. This is because extra disability payments are being cut by more than 50% for most disabled children – see page 2.

In June 2018, the Government announced that disabled adults who receive a payment known as the severe disability premium will also be exempt from having to claim Universal Credit. This will remain the case until that disabled adult is moved over onto Universal Credit under the process of managed migration. See the following paragraph for more details about managed migration.
EXISTING BENEFIT CLAIMANTS WHO HAVE NO CHANGE IN CIRCUMSTANCES

For the time being, existing claimants who do not try to make a new claim for one of the legacy benefits above will not be asked to claim Universal Credit. This remains the case even if they live in a full service area (unless they choose to claim – see warning).

However, between July 2019 and March 2022 the Government plans to move all existing legacy benefit claimants onto Universal Credit – a process known as ‘managed migration’.

WILL FAMILIES BE WORSE OFF?

The Government says that some claimants will be better off under Universal Credit, as a result of rules designed to make sure that work pays. While some working families may gain, Contact is concerned that many families with a disabled child will be worse off, due to cuts in payments for the majority of disabled children.

While out-of-work families with a disabled child are at particular risk of being worse off, some working families will lose out too.

Cuts to the child disability addition

Under the current tax credits system, a parent receives an additional amount if their child is awarded Disability Living Allowance (DLA). This is paid at one of two rates, depending on whether or not that child gets the highest rate of DLA care component (or the Personal Independence Payment (PIP) equivalent if the child is aged 16 or above).

The principle of a child disability addition paid at one of two rates is replicated in Universal Credit, with the higher addition also being extended to those who are registered as severely visually impaired.

However, the amount of the lower disability addition is being cut by more than 50% under Universal Credit. Families who are unable to work and who qualify for the lower disability addition are likely to be worse off by £1,761 a year. As the addition is paid for each disabled child, losses would be double this where a family has two children who qualify for the lower disability addition. Please see the table above.

It’s possible that some working families may find that other features of Universal Credit, designed to make work pay, may offset part of the cut to the disability addition. However, this is less likely as a result of reductions in Universal Credit work allowances.

NUMBERS AFFECTED

The Government hasn’t carried out an assessment of how Universal Credit will impact on families with disabled children as a distinct group. Therefore details of the numbers of families likely to lose out are sketchy.

In 2011 the Government estimated that 100,000 disabled children would qualify for lower payments under Universal Credit. However, the true figure for those affected is likely to be higher.

Entitlement to the higher disability addition is being restricted to those on the highest rate of DLA care component or those with a severe visual impairment. However, the highest care component is only paid where someone needs care at night time, as well as day time. This means that if a severely disabled child sleeps well during the night, Universal Credit payments will be cut, even if they have complex disabilities and require care the whole time that they are awake.

OTHER REASONS FAMILIES MAY LOSE OUT

While Contact has particular concerns about cuts to disabled child additions, there are a number of other features of Universal Credit that are likely to have a negative impact on families with disabled children. These are:

- **stopping payments for disabled children with ‘looked after’ status who are in residential care**
- **suspending all Universal Credit payments for children who are away from home for more than six months, such as children in hospital**
- **expecting a full-time carer to look for work where they share the care of a severely disabled child with a partner**
• expecting a full-time carer to look for work while they are waiting for a decision to be made on their child’s claim for DLA
• cuts to payments for disabled carers.

ENDING PAYMENTS FOR DISABLED CHILDREN WITH ‘LOOKED AFTER’ STATUS

Under the tax credits system a parent continues to receive payments for a child in a residential setting, so long as they are being accommodated because of their disability. This remains the case even if that child is treated as ‘looked after’ by the local authority.

New rules under Universal Credit

Under Universal Credit no payments will be made for any child who is treated as ‘looked after’ by the local authority under section 22 of the Children Act or section 17(6) of the Children (Scotland) Act. The only exception will be where a child is only ‘looked after’ during a planned short break. A child can have ‘looked after’ status even if they are being accommodated on a voluntary basis, and this may apply to some children in residential schools, as well as those in residential care.

Cost to parents

Most parents of a disabled child with ‘looked after’ status continue to incur significant costs, still paying for their child’s clothing, personal belongings, as well as the costs of leisure or social activities. In many cases, ‘looked after’ children will also return home frequently, not only during school holidays but also during term times. However if, as seems likely, they retain ‘looked after’ status during temporary returns home, no Universal Credit payments will be made, even during those periods at home. This means a loss of up to £660 per month (or £7,900 per year) for each ‘looked after’ child.

Impact on other benefits

To make matters worse, once a child has had ‘looked after’ status for six months, they will no longer be included as part of the household when calculating the number of bedrooms a family needs under the size criteria rules.

These size criteria rules, better known as ‘the bedroom tax,’ are a feature of calculating how much help a family will get with rent under Universal Credit, in the same way as they currently apply to Housing Benefit. As a result, some families will see the loss of Universal Credit payments for their ‘looked after’ child being followed six months later by a cut in the help they receive towards rent.

It also appears that families in this situation could lose protection from the household benefit cap, as they will no longer count as being responsible for a disabled child.

CHILDREN IN LONG-TERM HOSPITAL & TEMPORARILY AWAY FROM HOME

Even if a child doesn’t have ‘looked after’ status, Universal Credit payments stop if a child is expected to be temporarily absent from home for more than six months. This will include where a child is in hospital for six months or more – children whose payments continue indefinitely under the existing tax credits system.

Like the parents of ‘looked after’ children, parents of children who are temporarily away from home for six months will also be at risk of cuts in their payments towards rent, and the loss of protection from the household benefits cap.

EXTRA COSTS IN HOSPITAL

Research carried out by Contact showed that for 93% of families with a child in hospital, costs go up rather down. This is a result of issues such as increased travel costs, hospital parking fees, and higher mobile phone bills, as well as loss of earnings due to time off work.

IF YOU BOTH CARE FOR THE SAME SEVERELY DISABLED CHILD

Under Universal Credit, a carer who provides at least 35 hours a week care to a child getting certain disability benefits is normally exempt from ‘conditionality’. This means they can claim Universal Credit without having to look for work, or meet any other work-related conditions.

However, where two parents both provide at least 35 hours or more care to the same severely disabled child, only one of them will be automatically exempt from conditionality. The other parent will be expected to look for some work, unless Jobcentre staff agree to use their discretionary power to exempt that carer from having to meet work-related conditions.
**Impact on lone parents**

This cut will have a particular impact on lone parents. If a couple includes a carer who is disabled, there will be scope for the non-disabled partner to qualify for the carer element. This allows that household to retain both a carer and an incapacity payment. In contrast a disabled lone parent who is also a carer will lose out by around £30 per week.

**Won’t families who are worse off be transitonally protected?**

Transitional protection means that if you are entitled to less money under Universal Credit than you were paid before, you receive a top-up, to make sure you are no worse off.

However, it is important to realise that if you are someone who has to claim Universal Credit because your circumstances change, or if you are someone who chooses to claim, there is no transitional protection. Transitional protection will only apply to those who have no change of circumstances and who are moved onto Universal Credit under the process of ‘managed migration’.

**Other issues**

This factsheet focuses specifically on those features of Universal Credit that will have an impact on families with disabled children. Other problems that impact on all families, regardless of whether they have a disabled child, are not covered. This includes the policy of limiting payments of the child element to the first two children, and the fact that there is usually a six week wait before initial payments start. It does not cover cuts to Universal Credit payments for some disabled adults from April 2017.

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**Join our campaign!**

Under Universal Credit many families with disabled children will be worse off. In particular, many families whose caring responsibilities prevent them from working will lose more than £1,750 per year. If you have been affected by Universal Credit and want to help us campaign please email Una.summerson@contact.org.uk or join our campaign network at [www.contact.org.uk/campaigns](http://www.contact.org.uk/campaigns)

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**Freephone helpline**

0808 808 3555

helpline@contact.org.uk

www.contact.org.uk

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