



## UNIVERSAL CREDIT – THE ESSENTIALS

Universal Credit is a new benefit for people aged between 16 and pension credit qualifying age. 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 has replaced new claims for the following benefits:

- *Income Support*
- *income-based Jobseeker's Allowance*
- *income-related Employment and Support Allowance*
- *Child Tax Credit*
- *Working Tax Credit*
- *Housing Benefit (except for those in some types of supported accommodation).*

These are known as the 'legacy benefits'. Other benefits such as Carer's Allowance, Child Benefit, Disability Living Allowance (DLA), Personal Independence Payment (PIP), and Council Tax Reduction will remain and can be paid alongside Universal Credit.

### WHO CAN CLAIM UNIVERSAL CREDIT?

Most people of working age can claim Universal Credit. You can claim regardless of whether you are out of work or in employment. You can claim if you are a job seeker, a carer, or someone who is unfit to work. You must meet certain tests linked to your residence and presence in the UK.

It's a means-tested benefit, which means the amount that you receive depends on your income and what savings or other capital you have.

If you claim Universal Credit, any legacy benefits that you already get will stop. This is the case even if your Universal Credit claim results in a nil award. Once you claim Universal Credit it's not possible to reverse that decision and reclaim your old legacy benefits. For this reason you should get advice before claiming Universal credit to make sure that you would not be left worse off



### WHAT AGE MUST I BE TO MAKE A CLAIM?

Usually Universal Credit claimants have to be aged at least 18, but special rules allow some 16/17 year olds to claim, including many disabled 16/17 year olds. Most people in full-time education cannot claim Universal Credit unless they have a dependent child. However, there are some exceptions for certain groups of disabled students, for example a young person on PIP who established they had a limited capability for work before they started their course, or some disabled people who remain in non-advanced education beyond the September after their 19th birthday. The rules are complex so seek individual advice.



Call our free helpline **0808 808 3555** for advice about claiming for someone in full-time education.

People aged over pension credit age cannot claim Universal Credit and must claim Pension Credit instead. However, different rules apply if you are a couple where one partner is of pension credit age and the other is of working age.

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 Our web page [Universal Credit for young people receiving education](#) explains in detail the rules restricting claims by students and outlines when a disabled student may be able to claim.

## WHEN WILL I BE EXPECTED TO CLAIM UNIVERSAL CREDIT?

Currently Universal Credit only applies to people who try to make a new claim for one of the benefits that Universal Credit is replacing. So if someone tries to make a new claim for Income Support or tax credits or Housing Benefit they will be told that this is not possible, but that they can claim Universal Credit instead if they would like.

For example, Fatima is a single parent with two children. She loses her job and tries to claim Income Support. She will be told that she cannot make a new claim for Income Support. However, she has the option of claiming Universal Credit instead. The Universal Credit award she gets will also then replace any tax credits or Housing Benefit that she currently receives.

As well as parents of disabled children, young disabled adults are also affected by Universal Credit. Young disabled adults who would previously made a new claim for income-related Employment and Support Allowance will need to claim Universal Credit instead.

Other changes that can lead to you having to claim Universal Credit include being on Housing Benefit and moving to a new tenancy in a different council area, or being on tax credits and either separating from a partner, or starting to live with a new partner.

## NEW CLAIMS FOR OTHER BENEFITS

Only new claims for the means-tested legacy benefits are affected by the introduction of Universal Credit. It is still possible to make new claims for other non-means-tested benefits and for a council tax reduction. Making a new claim for DLA, PIP, or Carer's Allowance will not lead to any expectation that you claim Universal Credit. Neither will notifying the Tax Credits office that you have been awarded DLA for your child. This is because this will be treated as a review of an existing tax credit claim and not as a new claim.

## WHAT IF YOU DON'T HAVE A CHANGE OF CIRCUMSTANCES?

For the time being, existing claimants will not be affected so long as they don't try to make a new claim for one of the legacy benefits. However, the government intends to move all existing claimants on legacy benefits onto Universal Credit. This process is known

## WARNING!

Unless you are a disabled adult who gets the severe disability premium, there is nothing preventing you from opting to claim Universal Credit. However, this may not be a good idea as many families with a disabled child will be worse off under Universal Credit.

as 'managed migration'. Managed migration started with a pilot in Harrogate in North Yorkshire. Suspended due to Covid, this is expected to re-commence in April 2022. Little information is currently available about the roll-out of managed migration to the rest of the UK, although the government has said it plans to have completed this process by March 2025.

## HOW MUCH UNIVERSAL CREDIT WILL I GET?

The amount of Universal Credit that you will get depends on your family circumstances and what other income and savings you have. In working out how much you are entitled to, the DWP start by working out the maximum amount of Universal Credit that you can be paid.

Everyone is entitled to a standard allowance, either as a single person or as part of a couple. This is paid at a reduced rate if you (and your partner if you have one) are under 25. Extra amounts are then added into your maximum award depending on your family circumstances, outlined below.

### Child elements

You get an extra amount known as a child element for each dependent child in your family. This may be paid at a higher rate for your eldest child. If you are getting Universal Credit and you have a third or subsequent child born on or after 6 April 2017, you will not receive a child element for that child. There are some exceptions to this 'two child policy'.

### Disabled child addition

You get a further extra amount for each dependent child who is on Disability Living Allowance (DLA), Personal Independence Payment (PIP), or who is registered severely sight impaired. This is paid at a higher rate for children who are on the enhanced rate of PIP daily living component, the highest rate of DLA care component, or who are registered severely sight impaired.

## HOW MUCH OF YOUR EARNINGS WILL BE IGNORED?

Your circumstances	Lower work allowance – paid if your Universal Credit includes a housing element	Higher work allowance – if your Universal Credit doesn't include a housing element
You are responsible for at least one dependent child, or you or a partner have a limited capability for work due to illness or disability	£335 per month	£557 per month
Everyone else – for example, those without children and who aren't incapable of work	nil	nil

### Carer element

This is paid if you are eligible for Carer's Allowance, or if the only thing that stops you from qualifying for Carer's Allowance is that your earnings are too high. You do not actually have to have claimed Carer's Allowance – it is sufficient that you meet the normal Carer's Allowance rules, other than the earnings limit.

If you think you may be eligible for a carer element, inform the DWP via your online Universal Credit account. Where you and your partner care for different people you may be able to get two carer elements.

If the person you look after lives independently then you getting a carer element could affect their benefits. Seek further advice from our helpline.

### Limited capability for work elements

If you or a partner are unfit to work because of health problems you can receive an extra element. This used to be paid at one of two rates – a **limited capability for work element** for the less severely disabled and a **limited capability for work and work-related activity element** for the more severely disabled. However, the government scrapped the limited capability for work element for most new claims made after April 2017.

The same person cannot qualify for both a capability for work element and a carer element. If this applies to you, you will only get the higher of the two amounts.

### Childcare element

If you are working and pay for registered childcare costs it is possible to receive an extra allowance covering 85% of your childcare costs. To qualify you (and your partner if you have one) must normally work. Any number of hours work will do. You may also qualify

if you work and your partner is unable to provide childcare, either because they are incapable of work, or because they provide regular and substantial care to a disabled person (and they are eligible for Carer's Allowance). The maximum amount of childcare that

Universal Credit takes into account is capped at £760.42 per month for one child and £1,303.57 for two or more children.

### Housing element

Includes help towards rent and some service charges.

### HOW DOES MY INCOME AND CAPITAL AFFECT

Once your maximum amount of universal credit has been calculated, the DWP then work out how much to deduct due to earnings or the other income you already have.

### HOW DOES WORKING AFFECT UNIVERSAL CREDIT?

There are no rules about how many hours you can work. Instead the amount of Universal Credit you receive is gradually reduced as you earn more. If you have a dependent child or you are a disabled person then an initial amount of earnings – known as your 'work allowance' – is ignored. Your Universal Credit payments are reduced by 55p for every £1 you earn above your work allowance.

The amount of your work allowance depends on your circumstances – see the table above.

Some self-employed people will be assumed to have a minimum amount of earnings, equal to the minimum wage for the number of hours they say they are working. However, this does not apply to anyone who is in the 'no work-related requirements' group (see page 4) including many full-time carers. It also doesn't apply during the first 12 months of starting a new business.

### HOW DOES OTHER INCOME OR CAPITAL AFFECT UNIVERSAL CREDIT?

Unearned income is also deducted from your Universal Credit award. £1 will be deducted from your Universal Credit for every £1 of unearned income you have.

However, some unearned income is ignored. This includes DLA, PIP and child support maintenance.

You normally cannot be paid any Universal Credit if your capital is above £16,000 (unless you are transitionally protected – see page 6). If your capital is between £6,000 and £16,000 you will be treated as having £4.35 per month income for every £250, or part of £250 you have above £6,000.

Once the DWP have deducted any earnings or other income from your Universal Credit calculation, the amount remaining is what you should be paid in Universal Credit.

Some claimants may find that the amount they get is reduced due to the household benefit cap. However, others are exempt from the benefit cap, including if you have a child on DLA or PIP or you are entitled to the carer element in your Universal Credit award.

### **CHANGES IN CIRCUMSTANCES**

You are expected to notify the DWP of any changes in your circumstances and there is a penalty of £50 if you fail to do so without good cause. Your Universal Credit award is based on your circumstances and income over an assessment period of one month. The date of your assessment period depends on when you first claimed Universal Credit. For example, if your date of claim was 9 March, your assessment period runs from the ninth of each month until the eighth of the following month.

#### **Do I have to tell the DWP about a change?**

Employed workers don't normally need to tell the DWP about changes in earnings. This is because your monthly earnings should automatically be notified to the DWP via HMRCs 'real-time information' system. However, if you are self-employed you will need to report your profits every month.

#### **When will any change of circumstances affect my claim?**

If you have a change that means you qualify for lower Universal Credit payments that change is always treated as if it happened at the start of your monthly assessment period. If you have a change that means your Universal Credit award increases, then that too can be treated as if it happened at the start of the month – but only if you tell the DWP about it before the end of your assessment period.

For example, Ruth has a monthly assessment period that runs from the fifth of the month. Her second child is born on the 12 August. Ruth tells the DWP straightaway and the increased payments for her new baby are backdated to 5 August. On 20 September Ruth moves from her private flat to a cheaper housing association property. Because her rent is lower, her Universal Credit payments towards rent will drop.

These lower payments start from the beginning of her assessment period on 5 September.

### **HOW DO I CLAIM UNIVERSAL CREDIT?**

Universal Credit is claimed from the Department for Work and Pensions (DWP). Claims normally have to be made online although there are some exceptions when a claim over the phone will be allowed, for instance because you have problems with reading or writing or are unable to use a computer. Call **0800 328 5644** if you cannot claim online.

#### **To claim online**

You'll first need to set up an online Universal Credit account at [gov.uk/apply-universal-credit](https://www.gov.uk/apply-universal-credit).

Once your online account has been set up you can then use it to complete your claim. If you are part of a couple you and your partner must each create your own individual online accounts which you then link together to make a joint claim.

The online claim asks you a number of different questions about your circumstances. You'll be able to check and amend your answers before submitting your claim online. You will then be asked to verify your identity using the GOV.UK's 'verify service' before booking an interview at your local Jobcentre. If you are a couple you will be interviewed separately.

#### **Providing evidence to support your claim**

At the interview you'll be asked to take evidence with you to support your claim. You'll also be asked to agree to a number of conditions in order to get Universal Credit.

These conditions will be set out in a document called your 'claimant commitment' (see below). You will have to agree to these conditions otherwise your claim may be closed.

#### **Once a decision is made on your claim**

Jobcentre Plus will send you an email or a text asking you to check your online account. There you'll find a copy of the decision including a breakdown of how your Universal Credit award has been calculated.

### **WHAT IS THE CLAIMANT COMMITMENT?**

This is an agreement that sets out what you have to do in order to get Universal Credit. If you claim as part of a couple, both you and your partner must each agree to an individual 'claimant commitment'.

Different claimants will have different conditions attached to their claim. Some claimants will be expected to look for work. This can include workers on low earnings who may have to agree to either increase their hours of work or to look for better paid work.

Other claimants may be expected to take steps to make themselves more work ready. These are known as 'work-related requirements'. However other groups, including many carers, will be exempt from having any work-related requirements.

Your claimant commitment will vary depending on which of four groups you are placed in. Your circumstances will determine which group applies to you.

### **No work-related requirements**

People in this group are exempt from having to take any steps to look for work. This group includes the parent who has the main responsibility for a child aged under one, severely disabled people and many full-time carers for disabled people.

### **Work-focused interview only**

People in this group are not expected to look for work but they are asked to attend periodic interviews to find out about employment and training opportunities in their area. This group includes the parent who has the main responsibility for a child aged under one or two and some foster parents.

### **Work preparation**

People in this group are not expected to look for work but they are expected to take steps to help prepare them for moving into work. For instance, to take part in training courses or undertake work experience. It includes people with less severe disabilities and the parent who has the main responsibility for a child aged three or four.

### **All work-related requirements**

People in this group are deemed fit and ready for work and are expected to actively look for work.

Remember, to get Universal Credit you may have to meet certain conditions as stated in your claimant commitment. If you fail to meet these conditions then your benefit payments are likely to be 'sanctioned' (cut for a period). If you're not sure about what conditions should apply to you, seek urgent advice from our freephone helpline or an independent adviser in your area. You should also seek urgent advice if you have been sanctioned.

### **WILL I BE EXPECTED TO LOOK FOR WORK IF I CARE FOR A DISABLED CHILD?**

Many full-time carers on Universal Credit are exempt from having to meet any work-related requirements. This includes most carers who are providing 35 hours or more care per week to someone on the daily living component of PIP or the care component of DLA at the middle or highest rate. If this applies to you, you'll still need to sign a claimant commitment, but this document shouldn't include any requirement that you look for work or training. Instead, the claimant commitment will only cover things like your responsibilities to notify the DWP of any changes in your circumstances.

### **Couples who provide full-time care**

There may be complications if you are a couple who both care full-time for the same disabled child. Unfortunately, only one of you will automatically be placed in the no work-related conditions group. The other partner will usually be expected to look for some work. However, DWP staff have the discretion to exempt them from this, if they believe that your child's needs are such that it would be unreasonable to expect your partner to look for any work. Contact our helpline if this applies to you.

If you are a couple with more than one disabled child, then both you and your partner can be automatically exempt from any work related conditions on the basis that you each care for a different child.

### **WAITING FOR A DLA/PIP DECISION**

If you are caring for someone who does not get PIP or DLA at the appropriate rates then you are likely to have to look for work as a condition of getting Universal Credit. Unfortunately, this includes where you are looking after someone who is awaiting a decision on their DLA or PIP claim. However, you may be able to place some restrictions on the amount of work that you need to look for – seek advice.

### **HOW IS UNIVERSAL CREDIT PAID?**

Universal Credit is paid monthly, in arrears, and it usually takes at least five or six weeks to get your first Universal Credit payment. If this delay causes you hardship it is possible to ask for a short-term benefit advance. This is a discretionary loan that needs to be repaid from your future award.

Although Universal Credit is made up of separate elements it is usually paid as one single monthly payment. Help towards your rent is usually paid to you directly and not your landlord, so you will need to make sure your rent is paid.

### **If you struggle to manage single monthly payments**

You can ask the DWP for 'alternative payment arrangements'. For example you may want more regular payments, rent payments made directly to your landlord, or for payments to be split between you and your partner. You can ask the DWP to consider this but your chances of them agreeing will depend on your circumstances. Guidance suggests some groups will be given higher priority for alternative payments, such as if you have severe debt problems, mental health needs, or are a family with multiple and complex needs.

The Scottish Government and Northern Irish Assembly have said they will use their powers to routinely make fortnightly Universal Credit payments, and to also allow greater flexibility in who payments are made to.

## WILL I BE WORSE OFF ON UNIVERSAL CREDIT?

The government says that many working families will be better off under Universal Credit. However, Contact is concerned that many families will be worse off under Universal Credit, and that families with disabled children are one of the groups most likely to lose out.

You are at particular risk of being worse off under Universal Credit if you are an out-of-work family and you have a disabled child who does not qualify for the higher disabled child addition.

This is because the lower rate of the disabled child addition is equivalent to £29.70 per week. Given that the equivalent additional payment under the existing benefits system is £65.94 per week, this represents a cut of £36.24 per week, or more than £1,884 per year. Since the child disability addition is paid for each disabled child, those families with two children on the lower addition could lose twice this amount.

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 Our briefing, *Universal Credit and disabled children* has more information about why many families with disabled children are likely to be worse off.

## TRANSITIONAL PROTECTION

Some future claimants who are worse off under Universal Credit will be 'transitionally protected'. Transitional protection means that if you would get less money under Universal Credit than you do on your current benefits, you receive a top-up payment so that you do not lose out. This top-up payment will be frozen so you will be gradually worse off over time as this payment is eroded by inflation.

Certain changes of circumstance will bring transitional protection to an end, while other changes will reduce the amount you receive.

However, transitional protection will only be given

to existing claimants who have no changes in circumstance and who are moved onto Universal

Credit by the government as part of their programme of 'managed migration', scheduled for 2022-2025.

If you are someone who had to claim Universal Credit because you had a change of circumstances, you will not normally receive any transitional protection. There are two exceptions to this.

Firstly, if you are a disabled adult who has been moved onto Universal Credit and who previously qualified for a payment known as the severe disability premium in your legacy benefits, you should receive an extra transitional payment to compensate you for the loss of the disabled child premium.

Secondly, if you are a family who had to move onto Universal Credit as a result of a DWP mistake (for example, your child's DLA was initially stopped before being put back in place on appeal and this meant your Income Support claim as a carer was terminated) and you now receive a lower disabled child addition than was paid under legacy benefits like tax credits, you should either get a transitional payment or be allowed to go back onto legacy benefits. This is as a result of the Court of Appeal decision in *R (TD & Ors) v Secretary of State for Work and Pensions*. Phone our free helpline for more details if you think this applies to you.

Even if you are someone who receives transitional protection you are still likely to be worse off over time, as transitional protection payments will not be uprated with inflation. Some changes in circumstances will also reduce the amount of transitional protection you will receive.

Transitional protection will also be limited for those who are manage-migrated onto Universal Credit but who have capital of more than £16,000. The capital they have above £16,000 will only be ignored for 12 months. If they still have more than £16,000 in capital after 12 months, their Universal Credit award will come to an end.

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 **FREEPHONE HELPLINE**  
**0808 808 3555**  
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