

Universal Credit

This factsheet gives an overview of Universal Credit and explains how current and future benefit claimants will be affected, including those who are moving from the old 'legacy benefit' system onto Universal Credit. **This is a complicated area that continues to develop as the Government moves more and more claimants across onto Universal Credit, so please refer to this factsheet regularly for updates or speak to our Family Benefits Advice Service on 028 9267 8200 to find out what is best for you and your family.**

Please note: Since 2023 households across the UK have been receiving Migration Notice letters. These letters are from the Department for Communities in Northern Ireland or the Department of Work and Pensions in England, Scotland and Wales. The Migration Notice letter will tell them that they will need to make a claim to Universal Credit within 3 months from the date of the letter. If you think this change may affect you it is very important that you do not take any action unless you receive a Migration Notice Letter from either the Department for Communities or Department for Work and Pensions without first seeking advice.

1. What is Universal Credit?

Universal Credit is a benefit for people of working age, who are in or out of work. It combines the previous means-tested support for adults of working age and their children into one benefit, and is intended to simplify the benefits system. The benefits replaced by Universal Credit, also known as legacy benefits, are:

- Child Tax Credit
- Working Tax Credit
- Housing Benefit
- Income-related Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Parts of the Social Fund (Northern Ireland only).

Therefore, if you are a lone parent, sick or disabled, a carer, unemployed or in low paid work and need help with living expenses, including your rent, the means-tested benefit you will claim will be Universal Credit.

Benefits which are not being replaced by Universal Credit include:

- Attendance Allowance
- Bereavement Benefits
- Carer's Allowance
- Child Benefit
- Child Disability Payment (Scotland only)
- Contributory Employment and Support Allowance
- Contributory Jobseeker's Allowance
- Council Tax Benefit/Rates Relief
- Disability Living Allowance
- Industrial Injuries Disablement Benefit
- Maternity Allowance
- Parts of the Social Fund
- Pension Credit
- Personal Independence Payment
- Statutory Maternity Pay
- Statutory Sick Pay
- War Pensions.

2. When can I claim Universal Credit?

New benefits claimants

Universal Credit is now available for new claimants, that is, people who are not currently claiming a legacy benefit such as income-based Jobseeker's Allowance.

Existing benefits claimants

If you currently receive any of the legacy benefits that are being replaced by Universal Credit, and have no change in circumstances, you will be contacted at some point between now and mid 2025 by the government to be transferred to Universal Credit. This is being referred to as **'Move to UC'**.

Depending on where you live, the Department for Work and Pensions or the Department for Communities (Northern Ireland) will contact you to guide you through the steps you need to take when your claim is ready to move to Universal Credit.

If you experience a change in circumstance prior to being contacted by the government you may find you have to move to Universal Credit as a result of the change in circumstances. This is known as **natural migration**. If you are receiving any legacy benefits, you will lose these if you claim Universal Credit, and will not be able to go back on to them.

Not all changes of circumstances will result in having to make a new claim for Universal Credit. *We strongly advise in any change of circumstances that you seek independent advice before making a claim for Universal Credit to check how it may affect your household income.*

3. Who can claim Universal Credit?

To claim Universal Credit you must:

- be at least 18 years old (in most cases)
- be under the qualifying age for Pension Credit
- be in the UK
- not be in full-time education (in most cases)
- not have savings or capital over £16,000
- have accepted a claimant commitment.

If you have a partner you will have to make a joint claim for Universal Credit. If one of you is over Pension Credit age, or in full-time education, both of you will still have to claim Universal Credit. If one of you does not meet any of the above conditions, they will be ignored for the purposes of calculating the Universal Credit maximum amount - although both of your savings/capital, income and earnings will be taken into account.

What if I am aged 16-17 years old?

You may be able to get Universal Credit if you are aged 16 or 17 if you:

- have dependent children
- are sick and satisfy the work capability assessment or are awaiting assessment
- are caring for a severely disabled person
- are pregnant (between 11 weeks and the expected due date) or have recently had a baby (up to 15 weeks after the birth)
- are without parental support.

What if I am a student?

You will not normally be able to claim Universal Credit if you are:

- in non-advanced education and someone can claim the child element of Universal Credit for you
- in advanced education
- a full-time student supported by a loan, grant or bursary
- undertaking any other course that is not compatible with your expected hours of work or any work-related requirements.

You will be able to claim as a student if you:

- have dependent children or young persons
- are a foster parent
- are a disabled student
- have a partner who is entitled to Universal Credit
- are over the qualifying age for pension credit and you have a partner who is entitled to Universal Credit
- are in non-advanced education (up to age 21 or the end of the academic year/course in which you reach age 21) and have no parental support.

What if I or my partner is over Pension Credit age?

Previously, if one member of a couple was over Pension Credit age and the other was under, they could choose between claiming either Pension Credit or Universal Credit. From 15 May 2019, people in this situation are only able to claim Universal Credit. Those in couples will only be able to begin claiming Pension Credit if BOTH partners are over Pension Credit age.

Living in the UK

To claim Universal Credit you must:

- be present in the UK
- be habitually resident
- have the right to reside.

Do not apply for Universal Credit if you have a visa that says “no recourse to public funds” or you’re subject to immigration control. This could affect your right to stay in the UK.

Capital Rules

The savings/capital limit for Universal Credit is £16,000 whether you are single or part of a couple making a joint claim. If you have savings or capital over £16,000, you cannot get Universal Credit. If you have savings or capital over £6,000, this will be treated as giving you an income, known as “tariff income”, of £4.35 per month for each complete £250 over £6,000. If you have savings or capital under £6,000 this will be disregarded.

Claimant Commitment

As Universal Credit sets out to improve work incentives, there will be conditionality requirements set according to your individual capability and circumstances. You will be

placed in one of four groups below which specify your responsibilities while you are in receipt of the benefit:

1. no work-related requirements
2. work-focused interview requirement only
3. work preparation requirement
4. all work-related requirements.

If you fail to meet your claimant commitment without good reason, you may receive a sanction – a cut in your benefit.

4. How is Universal Credit calculated?

Universal Credit is a 'means tested' benefit, therefore you will be awarded an amount based on your household income and family circumstances. It is payable if you are in or out of work, and therefore adjusts as circumstances change such as when people start or leave a job, thus improving the incentive to work.

Certain claimants may have 'Transitional Protection' to ensure that, as they move from legacy benefits to Universal Credit, their benefit income is not less than what they currently receive.

Anyone who makes a claim for Universal Credit after receiving a Migration Notice letter will have their benefit entitlement protected through Transitional Protection. This means if you have had no change in your circumstances, except moving from the legacy benefits to Universal Credit as result of receiving the Migration Notice letter, you will not have any reduction in the amount of money you receive at the point in time that you move to Universal Credit. Any reduction in entitlement that there may have been, due to moving from the old benefits, will be covered by an extra government payment paid in addition to Universal Credit. This is why it is important that you do not take any action, unless you receive a Migration Notice letter from the Department for Communities or Department for Work and Pensions, before seeking independent benefits advice.

Universal Credit payments are worked out in three stages.

Stage 1: Standard Allowance

There are four Standard Allowance rates. The amount you get depends on your age and whether you are part of a couple:

- Single claimant aged under 25: £316.98 per month.
- Single claimant aged 25 or over: £400.14 per month.

- In a couple and you are both aged under 25: £497.55 per month.
- In a couple and either of you is aged 25 or over: £628.10 per month.

Stage 2: Elements

You may be entitled to an additional amount - known as an element - if, for example, you have children or need help with housing costs,

- **Child element:** If you are responsible for a child or qualifying young person who normally lives with you. There can be amounts paid in relation to:
 - your first/only child
 - a second child/subsequent child (there may be some exceptional circumstances where you can also get the child element for your third or subsequent children)
 - a disabled child, if you have a child who gets DLA or Child Disability Payment (Scotland only)
 - a severely disabled child, if you have a child who gets the highest rate of the care component of DLA, Child Disability Payment (Scotland Only), or is registered blind.
- **Childcare costs element:** If you pay for registered childcare in order to stay in work. There are no set number of hours you need to work to get this element. It is based on 85% of your registered childcare costs (up to £1031.88 for one child and £1768.94 for 2 or more children). You must pay for childcare up-front, provide receipts by the end of the following assessment period and then wait to be reimbursed.
- **Capability for work elements:** You will get one of these if you satisfy the Work Capability Assessment (WCA). You can get either:
 - Limited Capability for Work element (LCW)
 - Limited Capability for Work Related Activity element (LCWRA).
- **Carer element:** You can get this if you are caring for a severely disabled person for at least 35 hours a week. You cannot receive this element together with a capability for work element, even if you are eligible for both. You do not have to claim Carer's Allowance to get this element.
- **Housing element:** You may get this if you pay rent. This element can also cover certain service charges related to both rented and owner-occupied properties.

Stage 3: Assessing your income

Your Universal Credit payment will depend on your other income such as any savings and capital and any other benefits you receive. In certain circumstances the Universal Credit payment may be reduced due to a 'Benefit Cap' being applied. Within Universal Credit there

is a new approach to the way earnings are disregarded through the introduction of a Work Allowance and a single taper to withdraw support as earnings rise.

Work Allowances

You may be able to earn a certain amount before your earnings affect your Universal Credit. This is known as the 'Work Allowance'. Different amounts of earnings will be disregarded depending on your circumstances. This means that all your Universal Credit will not suddenly be removed if you start work and allows you to take temporary or seasonal jobs or have gaps between paydays as you move in and out of work without making a new claim.

Taper

For those in employment, once your disregarded earnings have been taken into account, Universal Credit will have a taper rate of 55%. This means that, as earnings rise, Universal Credit will decrease at a rate of 55p for each pound of net earnings. So for each £10.00 you earn, £5.50 will be taken off your Universal Credit.

Income other than earnings

If you have income other than earnings, such as other benefits, these will usually be taken into account in full so that your Universal Credit is reduced pound for pound. There will be some exceptions to this rule, for example, Disability Living Allowance, Child Disability Payment (Scotland only), Constant Attendance Allowance and Personal Independence Payment will be disregarded.

Benefit cap

Once your Universal Credit has been calculated, the amount you receive may be subject to the Benefit Cap in certain circumstances. Your total Universal Credit will be limited to £423.46 a week if you are a lone-parent or part of a couple with children, or £283.71 per week if you are single and you do not have children or your children do not live with you. There will be exceptions to the cap if anyone in the household qualifies for any of the following benefits:

- Carers Allowance
- Disability Living Allowance, Child Disability Payment (Scotland only), Personal Independence Payment or Attendance Allowance
- Armed Forces Independence Payment or Armed Forces Compensation Scheme
- New style Employment and Support Allowance Support Group
- Industrial Injuries Benefits
- War Widows or War Widowers pension
- War pensions.

In addition to these exceptions, households in Northern Ireland may be eligible for a Supplementary Payment equivalent to the reduction in benefit due to the cap. Where this is the case, the Department for Communities will identify those affected households who are eligible, payments can be made to a landlord or directly to the benefit claimant.

Universal Credit surplus earnings threshold

The Government will maintain the higher surplus earnings threshold of £2,500 for Universal Credit claimants until April 2026.

This means that if your monthly earnings are up to £2,500 over the amount where your Universal Credit payment stopped due to an increase in earnings, this amount will not be carried forward to the following month, and will not count towards future earnings. As a result, claimants can retain a greater amount of Universal Credit award.

Minimum Income Floor for self-employed Universal Credit claimants

If you're gainfully self-employed, your Universal Credit payment may be calculated using an assumed level of earnings, called a Minimum Income Floor. This is based on what Universal Credit would expect an employed person to earn in similar circumstances.

It is calculated using the National Minimum Wage for your age group, multiplied by the number of hours you are expected to look for and be available for work. It also includes a notional deduction for tax and National Insurance.

If your self-employed earnings are below the Minimum Income Floor that Universal Credit has calculated for your circumstances, then they will use the higher Minimum Income Floor to work out your Universal Credit payment instead of your actual earnings.

Universal Credit: debt deductions cap and advance repayments

The period over which Universal Credit advances (essentially loans) are recovered is 24 months, while the maximum rate at which deductions can be made from a Universal Credit award is 15% of the standard allowance.

5. How do I apply?

The Government intends that all claims for Universal Credit will be made online, you can do this using the following link www.universal-credit.service.gov.uk/start

If you require support to complete an online application you can request this and you will be invited in to your local Jobs & Benefits Office or Jobcentre to receive assistance with your application.

If you don't have internet access you may be able to use a computer at your local Jobs and Benefits Office or Jobcentre. In exceptional circumstances you may be able to submit a claim by phone.

Once you have submitted your application you will be invited to a face to face interview. At this interview you must agree your claimant commitment, setting out what you have to do in order to continue to receive Universal Credit.

6. How is it paid?

In Northern Ireland Universal Credit is paid twice a month to a household, however you can request a monthly payment. In the rest of the UK payments are made monthly.

A household could be a single person, a couple or a family. If you are part of a couple you may request a split payment. If you make a successful claim for Universal Credit it may take between **five and six weeks before you receive your first payment**.

If, as a result, you suffer hardship you can request a Universal Credit Advance payment and personal budgeting support. The advance payment is a loan - you'll have to pay it back, but you won't need to pay any interest.

Alternatively, if you live in Northern Ireland you may be able to access support through the **Adviser Discretion Fund**. This is available up to a maximum of £1,500 in a 12 month period, to remove a barrier to employment and move claimants closer to the labour market, or to enable them to take up the offer of employment. Upfront registered childcare costs fall under this description and, when paid through the fund, upfront registered childcare costs can also be reported to Universal Credit as if you had paid the costs yourself. This means they will be included in the childcare element for that assessment period. This fund is not an automatic entitlement and the use of it is at the discretion of the work coach in the Jobs and Benefits Office to address an evident barrier to work.

In the rest of the UK, you may be eligible for support through the **Flexible Support Fund** which is offered by local Jobcentres at the discretion of Jobcentre Plus advisors. This could be used for help with travel expenses, training courses or clothes for an interview.

Neither the Adviser Discretion Fund nor the Flexible Support Fund has to be repaid.

7. Advance payments

You can ask for an advance payment by:

- asking your work coach at your first Universal Credit interview

- applying through your online account
- calling the Universal Credit helpline.

Universal Credit helpline Northern Ireland

Telephone: 0800 012 1331

Textphone: 0800 012 1441

Or if in Great Britain:

Telephone: 0800 328 5644

Textphone: 0800 328 1344

Telephone (Welsh language): 0800 328 1744

Repayments will automatically be taken from your Universal Credit until you've paid the advance back. You can spend up to 24 months paying an advance back.

8. Discretionary support and Contingency Fund

Additional financial support may be available if you are in a financial crisis:

- **Discretionary Support** is available in either the form of a loan or a grant. You normally have to pay back the amount you were given within a year and you don't have to pay interest on the loan. If you are applying for Discretionary Support ask an advisor if you are entitled to a grant, this will depend on individual circumstances.
- A **Universal Credit Contingency Fund** payment is available to people who are **waiting for their first Universal Credit payment** and are continuing to experience financial difficulties. This is a non-repayable grant which is subject to certain eligibility criteria and there is no need to take out an advance before applying. To ask for a Universal Credit Contingency Fund payment, you can call the Finance Support Service on 0800 587 2750 or contact your Work Coach.

9. Challenging a Universal Credit decision

If you think a decision made about your Universal Credit entitlement is wrong you can ask for the decision to be looked at again. This is called 'mandatory reconsideration'. Details of how to apply will be on your decision notice. If, following mandatory reconsideration, you still think the decision is wrong you can make an appeal to Tribunal (England, Wales and Scotland) or to the Appeals Service (Northern Ireland).

10. Where can I get further information?

For more information or for personal advice and information please call our Family Benefits Advice Service on 028 9267 8200. Our trained advisors can help you to ensure that you are accessing all of the financial support to which you are entitled.