



UNIVERSAL CREDIT

April 2024

Child Poverty Action Group works on behalf of the more than one in four children in the UK growing up in poverty. It doesn't have to be like this. We work to understand what causes poverty and the impact it has on children's lives, and how it can be prevented and solved – for good.

We provide training, advice and information to make sure hard-up families get the financial support they need.

Introduction

Universal credit is replacing means-tested benefits and tax credits for working age people. The only means-tested benefit for working age claimants who need to make a new claim is universal credit.

Who can get universal credit?

You can get UC if you meet the following basic conditions.

- You must usually be at least 18 years old (16/17 year olds can claim in special cases such as parents, disabled people or if you are estranged from your parents).
- You must be under pension age (one member of a couple may be over pension age).
- You must usually not be receiving education, although some students can claim (mainly parents, disabled students or young people without parental support).
- You must accept your claimant commitment.

You must not have more than £16,000 in capital (but see under 'What happens to existing claimants' for an exception to this rule) and your income must be low enough. If you have between £6,000 and £16,000 in capital (savings, property other than your home), you are treated as having an income of £4.35 a month for every £250, or part, above £6,000). Some income is disregarded – eg, child benefit, while other income is taken into account in full, e.g. pensions. Some of your earnings are ignored (see below).

Which benefits are going?

The following, known as 'legacy benefits', are being abolished and replaced by UC:

- income support (IS);
- income-based jobseeker's allowance (JSA);
- income-related employment and support allowance (ESA);
- housing benefit (HB) – except for people in temporary or supported accommodation;
- child tax credit (CTC);
- working tax credit (WTC).

You cannot make new claims for these benefits. You can still claim CTC if you already get WTC, and you can claim WTC if you already get CTC. If you claim UC your existing legacy benefits will end (after a two-week run-on of IS/ESA/JSA and HB) – even if you don't get UC.

Benefits other than those listed above are not being replaced by UC. You can continue to claim other benefits such as "new-style" JSA or ESA (based on NI contributions), child benefit, carer's allowance or carer support payment, bereavement support payment and Scottish benefits such as Scottish child payment and adult disability payment.

What happens to existing claimants?

If you are currently getting legacy benefits you can continue to get them. However, a change of circumstances may mean you have to claim UC instead, for example:

- becoming responsible for a child for the first time;
- a couple with children separating;
- a lone parent becoming part of a couple;
- becoming liable for rent for the first time;

Existing claimants may be notified that their legacy benefits are ending and they need to claim UC by a specified date, even if there has been no change of circumstances. This process, known as 'managed migration', has started already for all claimants getting tax credits only, and is intended during 2024/25 to include those getting tax credits and other legacy benefits, or getting IS, income-based JSA and/or housing benefit. Those getting only income-related ESA or income-related ESA with housing benefit will be included from 2028/29. There are rules intended to ensure that you are no worse off at point of your transfer provided your circumstances are unchanged.

If you have over £16,000 capital and transfer from tax credits to UC under the managed migration process, the capital you have above £16,000 may be ignored for up to 12 months.

How much is universal credit?

Universal credit is made up of a standard allowance for a single or couple and elements for:

- children;
- additional amounts for disabled children;
- rent or certain service charges for unemployed owner occupiers;
- limited capability for work-related activity;
- regular and substantial caring responsibilities for a severely disabled person;
- 85 % of registered childcare costs, within limits.

In some circumstances, you may also qualify for a transitional element (or transitional SDP element) in your award. Both of these transitional elements reduce over time.

Child element

You get a child element for a child for whom you are responsible. The child must be normally living with you. The child element continues until the 1 September after the 16th birthday, or if s/he is in full-time non-advanced education, until the 1 September after the 19th birthday. If the child normally lives with two or more people, you must have main responsibility for the child. You get the higher rate for one child born before 6 April 2017.

Two child limit

You can get a child element for all children born before 6 April 2017. You cannot usually get a child element for a child born on or after 6 April 2017 if you already have two or more children included in your award, unless an exception applies:

- a multiple birth, other than the first child in a multiple birth;
- adopted by you from local authority care, or placed with you for adoption;
- a child for whom you are responsible under 'non-parental caring arrangements', under certain legal provisions or who would otherwise be at risk of going into care, or a child whose parent is a child or qualifying young person for whom you are responsible;
- likely to have been conceived as a result of rape or in a coercive or controlling relationship ('non-consensual conception').

A child who comes under the exception for adoption or non-parental caring arrangement is entitled to a child element and is not counted for the purposes of the two-child limit.

UNIVERSAL CREDIT RATES 2024/25 (apply from start of first assessment period which begins on or after 8 April 2024)	
Standard allowance	Amount for each monthly assessment period
single claimant aged under 25	£311.68
single claimant aged 25 or over	£393.45
joint claimants both aged under 25	£489.23
joint claimants where either is aged 25 or over	£617.60
LCW and LCWRA elements—	
limited capability for work (<i>pre-3 April 2017 claims only</i>)	£156.11
limited capability for work-related activity	£416.19
Carer element	£198.31
Child element—	
first child or qualifying young person (<i>born before 6 April 2017 only</i>)	£333.33
Other child/ qualifying young person (<i>subject to two child limit</i>)	£287.92
Additional amount for disabled child/ qualifying young person—	
lower rate	£156.11
higher rate	£487.58
Childcare costs element—	85% of actual costs up to:
maximum monthly amount for one child	£1,014.63
maximum monthly amount for two or more children	£1,739.37
Housing costs	Variable
Housing costs contribution	Deduct £91.47
Work allowance – claimants responsible for a child or with limited capability for work	
Housing costs element included	£404
No housing costs element included	£673
Taper (applies to earned income)	55%

Employed or self-employed earnings

Universal credit uses HMRC's 'real-time information' system to identify earnings when they are paid. If you are paid through PAYE you don't need to report changes in these earnings, but you should check the amount shown. However, if the amount received in an assessment period is not an accurate reflection of your actual earnings in that period (for example if you are paid monthly and had two paydays in one assessment period because of a bank holiday), your UC calculation can be adjusted.

If you are self-employed and on a low income, you may be assumed to have a certain level of earnings, equal to the minimum wage for the hours you are expected to work. This does not apply during the first twelve months of making a UC claim or starting a new business. Self-employed people have to report profits every month.

What are the work allowance and taper?

The work allowance is the amount people with children and people with limited capability for work are allowed to earn before universal credit is reduced.

The taper is the rate at which maximum universal credit is reduced by earnings. Maximum UC is reduced by 55 % of earnings above the work allowance. If you are not eligible for a work allowance, maximum UC is reduced by 55 % of any earnings.

Benefit cap

The maximum award is subject to the 'benefit cap' – for couples or lone parents this is £1,835 a month (£2,110.25 in Greater London) and for single claimants without children £1,229.42 a month (£1,413.92 in Greater London). The cap includes other benefits such as child benefit, and is implemented by reducing the amount of UC you get. The benefit cap does not apply if:

- You, your partner or your child gets disability living allowance, child disability payment, personal independence payment, adult disability payment, attendance allowance, armed forces independence payment, industrial injuries benefits, carer's allowance, or carer support payment.
- You or your partner get guardian's allowance, or a carer's element or limited capability for work-related activity element in your UC, or get employment and support allowance which includes a support component.
- You or your partner get a war pension or a guaranteed income payment or survivor's guaranteed income payment under the Armed Forces Compensation Scheme
- Your earnings or your combined earnings with your partner are at least £793 a month.
- You or your partner are unemployed after working for at least 12 months (you are exempt from the benefit cap for nine months).

If you are affected by the benefit cap you can apply for a Discretionary Housing Payment from your local authority.

What about conditionality and sanctions?

There are usually work-related conditions on your entitlement to universal credit and the possibility of sanctions if you do not comply.

You must accept a '**claimant commitment**' as a condition of receiving universal credit. You are then placed into one of the four following groups:

No work-related requirements:

- people with limited capability for work-related activity;
- lone parents or the main carer in a couple with a child under one;
- carers for a severely disabled person;
- partner over pension age;
- people in work earning above a set threshold ('in-work conditionality' – see below).

Work-focused interview requirement only:

- lone parents or the main carer in a couple with a child aged one;
- lone foster carers or the main carer in a couple, with a foster child under 16;
- people who have become a 'family and friends carer' for a child in the past year.

People in this group are required to attend periodic interviews to discuss their opportunities for returning to work.

Work preparation and work-focused interview requirements:

- people with limited capability for work because of health or disability – ie, those in the work-related activity group for ESA;
- lone parents or the main carer in a couple with a child aged two.

People in this group are expected to take reasonable steps to prepare for work, such as attending a skills assessment, improving personal presentation, participating in training or an employment programme, and undertaking work experience or a work placement.

All work-related requirements:

Most other claimants, including lone parents and the main carer in a couple with children aged three or over, are subject to a work search requirement (including spending a set amount of time each week on making applications and registering with employment agencies, etc.) and a work availability requirement (subject to limitations as agreed).

This list is not exhaustive - there are other circumstances that mean you may be included in each group and some requirements may be temporarily lifted. Each adult in a household is placed into her/his own conditionality group depending on her/his individual situation.

In-work conditionality

If you are doing some work, you may be required to look for more work if you are earning below the minimum wage x 35 hours a week (or your expected hours, if reduced availability for work has been agreed). If you are earning at least £743 a month, or £1,189 as a couple, you are only subject to 'light touch' conditionality, not work search or availability.

Sanctions

'Higher level sanctions' may be imposed on you if you are subject to all work-related requirements. This includes failure for no good reason to prepare or apply for work, take up an offer of paid work; and ceasing work or losing pay voluntarily or through misconduct. This may result in a reduction of your award, for a maximum of twenty-six weeks, depending on the number and regularity of such failures. The amount sanctioned is the same as the adult standard allowance, or half of it if one member of a couple is sanctioned. Other sanctions may be imposed if you are subject to work preparation requirements for failure to undertake work-related activity, or in the work-focused interview group for failure to attend an interview. These may be imposed for a period until you meet the compliance condition, or for up to 26 weeks.

Hardship payments may be available if you have been subject to sanctions and are, or will be in 'hardship'. Hardship payments are payable at 60 % of the standard adult allowance, and are recovered in future.

How do you claim and get paid?

Universal credit is administered by the Department for Work and Pensions (DWP). Couples must make a joint claim. You must normally claim online and subsequent contact must usually also be online, including having access to an online account with details of your award and a facility for reporting changes of circumstances. Payments are usually monthly, paid directly by the DWP into your account, including amounts for rent. There is provision for alternative payment arrangements, including to split payments for a couple if it appears necessary to protect the interests of you or your family.

Short-term advance

You can request an advance within five days of your claim, or following a change of circumstances, of up to 100% of your estimated entitlement. This is discretionary and you must be in financial need. A short-term advance is usually recovered over 24 months.

Budgeting advance

You can ask for a budgeting advance to meet an intermittent expense (eg, furniture, household equipment, childcare costs, rent in advance or a deposit). Unless the payment is for expenses for getting or keeping work, you must have been receiving UC (or IS, JSA or ESA) continuously for at least 6 months. Advances are discretionary, with no right of appeal, and are usually recovered by deductions from your ongoing payments, usually within 24 months.

Scottish choices

The Scottish Government has some control over payment of UC. In Scotland, claimants have the right to request to:

- be paid UC twice a month rather than monthly;
- have the UC housing element paid direct to landlords.

There is no requirement for any special circumstances and the DWP must agree to a request unless it considers it to be unreasonable. The twice-monthly payment can be requested after the end of the first monthly assessment period.

Is there a right of appeal?

There is a right of appeal to the First-tier Tribunal against decisions concerning entitlement to UC and sanctions, as with the current benefits and tax credits system. However, you must first request a mandatory reconsideration before you can appeal.

FURTHER INFORMATION AND ADVICE

CPAG'S ADVICE LINES FOR ADVISERS AND SUPPORT WORKERS

CPAG in Scotland

0141 552 0552 Monday to Thursday, 10am to 4pm, Friday 10am to 12 noon

Email: advice@cpagscotland.org.uk for any benefit issue

CPAG'S advice lines are only for frontline workers. If you are having problems with your own universal credit claim and are in need of advice you should contact your local [Citizens Advice Bureau](#) or other local welfare rights service.

Department for Work and Pensions

Universal Credit Helpline

Telephone: 0800 328 5644

NGT Text Relay: 18001 then 0800 328 5644

Textphone: 0800 328 1344

Website: gov.uk/universal-credit

EARLY WARNING SYSTEM

The Early Warning System gathers information and case studies about how changes to the benefit system are affecting the wellbeing of children, families and the communities and services that support them. This helps us explain the impact on families and work for improvements in the system, to deliver better outcomes for children.

Find out more and how to get involved at cpag.org.uk/what-we-do/project-work/early-warning-system

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