Universal Credit is a means-tested benefit, which integrates a number of existing benefits into one monthly payment. It is a means-tested benefit, and people will not be eligible if they have savings, income or assets worth more than £16,000. The value of the home they own and live in is disregarded. The existing benefits are now referred to as ‘legacy benefits’. Universal Credit is replacing the following benefits, which will be phased out:

- Income-related Employment and Support Allowance (ESA)
- Housing Benefit
- Income Support
- Income-based Jobseeker’s Allowance
- Child Tax Credit and Working Tax Credits

When Universal Credit is implemented, it will also mean the end of the disability premiums used in the calculations for legacy benefits.

All other benefits, including Personal Independence Payments (PIP), Disability Living Allowance (DLA), Attendance Allowance, Carer’s Allowance and Council Tax Reduction/Support, Contribution-based Employment Support Allowance/Jobseekers Allowance and Child Benefit will remain unchanged.

Who can claim Universal Credit?

Most people can claim Universal Credit from 18 years old and up to the age that they can claim State Retirement Pension. From May 2019, both members of a couple will need to be over State Pension Age to be able to claim Pension Credit. For couples who make a new claim to benefit and one member is of working age; they will need to claim Universal Credit. The working age member of the couple will need to comply with the Universal Credit claimant commitment and work-related conditions, the pension age member of the couple will not have any work-related commitments applied to them.

People can claim from the age of 16, if they:
- have a limited capability for work
- are caring for a severely disabled person
- are estranged or separated from their parents
- have children

Students cannot normally claim Universal Credit; unless they are in full-time non-advanced education, receiving DLA or PIP and have a limited capability for work.
How does Universal Credit work?

It is paid in a single monthly payment. The amount paid will depend on the different elements in the assessment and what other income is coming in. Everyone who successfully claims Universal Credit will receive the standard allowance and any additional elements that apply.

Each element has a different rate of payment, and the elements people qualify for are all added together to make up the monthly payment. These elements are:

- **Standard allowance** – the basic rate, this is available to everyone who is eligible for Universal Credit, in addition to other elements.

- **Child element** – this is paid if the claimant or their partner are responsible for children under 16 and qualifying young people under 20. A higher amount is paid for a child, or the first child if they were already included in the assessment on 6/4/17. The lower amount is paid for each subsequent child, or each child if the claim is made after 6/4/17.

- **Disabled child addition** – this paid for each child who is receiving DLA or PIP. The higher rate is paid if the child is getting the higher rate care component of DLA or the enhanced rate daily living component of Personal Independence Payment.

- **Work capability element**. There are two levels. The lower level is not normally paid on new claims.
  - limited capability for work element (lower level) – for people who have been assessed to have limited capability for work.
  - limited capability for work-related activity element (higher level) – if you’re deemed to have a limited capability for work-related activity. Generally people who would have qualified for the Support Group under the old ESA assessments.

- **Carer element** – included if someone is providing regular and substantial care for a severely disabled person. People can get this element paid even if they are not getting Carers Allowance, for example if their earnings were too high to claim Carers Allowance.

- **Housing element** – this is to help with housing costs such as rent and some service charges. Some types of Supported Living and temporary (e.g. hostel) accommodation costs are still covered by Housing Benefit. Home owners that have a mortgage may be able to get help through a Support for Mortgage Interest Loan from the DWP. This cannot be paid if the claimant or their partner have earnings.

- **Childcare costs element** – this is awarded to help with childcare costs to enable people to start or stay in work. The childcare must be registered and people must be paid for their work.

**Two child limit**

Universal Credit will not pay a child amount for a third or subsequent child that is born after 6/4/17. The two child limit rule only applies to the child element of Child Tax Credit or Universal Credit.
It does not apply to help with childcare costs, passported benefits (for example, free school meals), additional support for any disabled children or Child Benefit, which are all available for any child that people are responsible for.

There are exceptions which mean a child element can still be included for a child even if they are born after 6 April 2017 and people already receive two or more child elements. The exemptions are:

- a second or subsequent child born in a multiple birth, but not the first child in a multiple birth
- children likely to have been conceived as a result of rape or coercion
- children living long term with family or friends including informal caring arrangements where the child would otherwise likely be looked after by the local authority
- children adopted from local authority care
- where a child under 16, for whom you have responsibility, becomes the parent of a child

**Benefit Cap – see separate factsheet**

The Benefit Cap is a limit to the total amount of means-tested benefits that working-age people can receive, even if their full entitlement would otherwise be higher. It can apply to people who are receiving Housing Benefit or the Universal Credit Housing element. It will not apply if certain benefits are already being claimed (disability, sickness and carer), or for people in a grace period.

<table>
<thead>
<tr>
<th>Current Benefit Cap</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Couples and lone parents in Greater London</td>
<td>£442.31 per week (£1,916.67 per month or £23,000 per year)</td>
</tr>
<tr>
<td>Couples and lone parents outside Greater London</td>
<td>£384.62 per week (£1,666.67 per month or £20,000 per year)</td>
</tr>
<tr>
<td>Single adults in Greater London</td>
<td>£296.35 per week (£1,284.17 per month or £15,410 per year)</td>
</tr>
<tr>
<td>Single adults outside Greater London</td>
<td>£257.69 per week (£1,116.67 per month or £13,400 per year)</td>
</tr>
</tbody>
</table>

**Applying for Universal Credit**

The default for Universal Credit is to apply online at: [https://www.gov.uk/apply-universal-credit](https://www.gov.uk/apply-universal-credit) If people are unable to use a computer, they can apply over the phone.

Universal Credit helpline

Telephone: 0800 328 5644  
Textphone: 0800 328 1344  
Monday to Friday, 8am to 6pm

The Citizens Advice Bureau may also be able to help with the starting the process up to the first payment. Help to Claim: telephone 0800 144 8 444  
[https://www.citizensadvice.org.uk/benefits/universal-credit/claiming/helptoclaim](https://www.citizensadvice.org.uk/benefits/universal-credit/claiming/helptoclaim)
How is Universal Credit Assessed?

Once the initial application has been submitted, people will be asked to attend an interview at their local job centre. They will need to take documents that prove their identity (such as passport or driver’s licence), date of birth (birth certificate) and address (energy bill). If someone is unfit for work, they will also need to take evidence of this (‘fit note’ from your GP).

A further ‘work search interview’ will then be arranged following the first interview, or on another day. At the work search interview, a Department for Work and Pensions (DWP) adviser called a ‘work coach’ will discuss work prospects and the support needed. A ‘claimant commitment’ will then be drawn up, which is a record of any conditions (or ‘requirements’) that have to meet to continue receiving Universal Credit in full. This can include requirements like looking for work. People who have a limited capability for work, will need to go through a Work Capability Assessment. The work coach can suspend any job-seeking requirements until after this assessment.

How is Universal Credit paid?

Universal Credit is paid monthly in arrears. The payment date will depend on when benefit was originally claimed.

It can take five weeks or more to receive the first Universal Credit payment. This can cause financial difficulty if people had previously been claiming one of the legacy benefits, or if they are claiming Universal Credit because they have an urgent need for financial assistance. If someone is facing financial hardship because of this five-week wait, they can request a Universal Credit advance payment. They can do this via their online journal, by speaking to their work coach, or by calling the Universal Credit helpline. It can also be claimed in advance if someone has experienced a change in circumstances and are waiting for payments to be increased to reflect this.

If the monthly payment schedule could cause financial difficulties, people can ask for their payment frequency to be increased. This is at the Department for Work and Pensions’ (DWP) discretion in exceptional circumstances.

Existing claims for legacy benefits

People can continue to receive legacy benefits if they claimed them before the Universal Credit full service was introduced in their area. They cannot make new claims to legacy benefits once the full Universal Credit service is available. If a claim for Universal Credit is made, any legacy benefits in payment at that time will stop.

If circumstances change, or someone wants to claim a different benefit that has been phased out, whether they have to claim Universal Credit will depend on a number of things, including where they live. For those able to claim Universal Credit in their area, but whose circumstances haven’t changed, they can still put in a claim to Universal Credit.

There are benefits to waiting for the ‘managed migration’ to begin, as they should be entitled to ‘transitional protection’.
This means that if someone is entitled to a smaller payment under Universal Credit than they were under legacy benefits, they should receive a ‘top-up’ payment, ensuring that they still receive the same amount per month. Over time, it is likely that this transitional payment will be lost through reassessments or changes to the benefit. But in the short term, it may be less disruptive financially to wait for the managed migration.

The DWP is due to begin the ‘managed migration’ of claimants receiving legacy benefits to Universal Credit in the future.

**This factsheet is a general guide. It is not a full statement of the law.**

Last updated July 2020