Universal Credit – *when and whether to claim*

What is Universal Credit?

Universal Credit is a benefit paid by the government, providing an income to working age people. It can be claimed whether someone is in or out of work.

Universal Credit replaces six legacy benefits: Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Working Tax Credit and Child Tax Credit. In full service areas legacy benefits can no longer be claimed (except in limited circumstances to cover the cost of specified or temporary accommodation, if there are more than two children (until 31 January 2019), or from some point in the future, if a claimant is entitled to the severe disability premium – see below).

Some claimants may lose money by claiming too soon or by moving onto Universal Credit rather than staying on their legacy benefit.

When to claim Universal Credit?

The amount of Universal Credit received is assessed by looking at the claimant's circumstances and the amount of income received in their monthly assessment period. Usually your client should claim as soon as possible as backdating is only available in very limited circumstances.

Delaying a claim

If your client is expecting a payment in the near future it may be worth delaying the Universal Credit claim as this income may reduce the amount received in the first payment. This may be relevant in the following circumstances:

- A legacy benefit payment. For example, if a fortnightly payment of Jobseeker's Allowance is due.
- A backdated benefit payment. For example, your client is waiting for a backdated payment of Carer's Allowance having recently made a claim.
- A one-off payment. For example, your client has finished work and their final wages or holiday pay is due.

You may need to work out whether the client is better-off delaying (that is, will they lose more Universal Credit during the wait than they gain).

Whether to claim Universal Credit – moving from a legacy benefit

If your client has a change of circumstances and would previously have claimed a legacy benefit as a result, they will now be expected to claim Universal Credit instead. Sometimes they could be worse off making a Universal Credit claim; a better-off calculation may be needed. This particularly affects disabled people, couples under 25 years and families with a disabled child. Those in low paid work often receive the same amount of benefit under Universal Credit, or more.

Some clients may choose not to claim Universal Credit or decide not to go ahead with a change (e.g. moving to a new area).

Note, a claim for income-related Employment and Support Allowance to top up an existing contributory Employment and Support Allowance award is not treated as a new claim and therefore does not trigger a move to Universal Credit. (This does not apply if a claimant is on 'new-style' ESA, claimed in a UC full service area).

Universal Credit and disabled people

Some disabled people receive a **severe disability premium** of £64.30 per week (2018/19) within their legacy benefit. There is no equivalent in Universal Credit.

To be receiving the severe disability premium in their legacy benefit, your client:

☑ lives alone – or lives with other people who are ignored (e.g. a landlord or another person on disability benefits)

☑ receives a disability benefit (e.g. Disability Living Allowance or Personal Independence Payment)

☑ does **not** have a carer who:

- is **paid** Carer's Allowance for looking after them, *or*
- has the Universal Credit carer element included in their claim

If your client is single, on income-related Employment and Support Allowance and has the severe disability premium included in their claim you would expect them to receive:

- ESA work-related activity group: £166.45 per week (or £137.40 if the claim was made after April 2017)
- ESA support group: £191.45 per week

Following a legal challenge regarding the loss of benefit for claimants in this situation, the government have announced that they intend to protect claimants who are entitled to the severe disability premium by preventing them from claiming Universal Credit until managed migration begins. For claimants that have already moved across to Universal Credit, but who would still be entitled to the severe disability premium if it was available to them, the intention is that they will receive an ongoing top up payment and a backdated amount. The regulations for these changes have not yet been finalised so exact details are not yet known.

If your client is in the **ESA support group**, and not entitled to the severe disability premium, they are likely to be better off on Universal Credit.

Disabled workers are generally worse off financially on Universal Credit than they would be on Working Tax Credit. This is because Working Tax Credit includes a disability element and there is no equivalent in Universal Credit.

Whether to claim Universal Credit – other income

Some income is treated differently under Universal Credit, in comparison to the legacy benefits. If your client has substantial amounts of income made up from income other earnings a better-off calculation may be needed. The applies for example when someone has a considerable occupational pension or receives Widowed Parent's Allowance.

Moving onto Universal Credit in the future

In the future all claimants on legacy benefits will be moved over to Universal Credit by the DWP. This is expected to take place between 2019 and 2023. If your client moves onto Universal Credit through this managed migration process their benefit will recalculated under the Universal Credit rules. If their Universal Credit entitlement is less than their legacy benefit they will be awarded a transitional addition.

This transitional addition does not apply if your client moves onto Universal Credit due to a change of circumstances (often called natural migration).

www.welfare-benefits-unit.org.uk
Guidance for Advisers