

# An Introduction to Universal Credit...

Information Guide 1: For Residents and Advisers

16<sup>th</sup> October 2024

[www.wolverhampton.gov.uk](http://www.wolverhampton.gov.uk)

## 1. Introduction and background...

Universal Credit is a Social Security benefit administered by the Department for Work and Pensions (DWP).

It was introduced to replace a number of so called 'legacy benefits' and in doing so 'simplify the benefit system'. Moreover, it was introduced to 'make work pay' by seeking to ensure that people would be 'better off' in work than out of work.

Universal Credit, like the benefits it has replaced, is designed to provide financial support / a minimum income. It is aimed at people who may be considered to be of '**working age**' who have no income or a limited income.

At present a person will be considered to be of 'working age' if they are aged 16 or over but under the age of 66 which is the present State Pension Age (SPA) / the Qualifying Age for Pension Credit (QAPC).

In the case of mixed age couples, who are not already getting Pension Credit (or pension age Housing Benefit), both members are now expected to apply for Universal Credit until both have attained the age of 66 at which point, they may apply for Pension Credit if need be.

Universal Credit is both a non-contributory benefit and a means-tested benefit. This means that a person's entitlement will have nothing to do with their National Insurance contributions record (i.e. whether or not they have paid any National Insurance contributions) but will be subject to a means-test of both income and capital. Therefore, how much (if anything) may be awarded will depend on the nature and level of income a person (and their partner, if they have one) has. It also means that those assessed as having £16,000 or more in savings / capital are excluded from applying.

If a person lives in rented accommodation, then their Universal Credit assessment will take this into account.

They will then be expected to pay their rent from any Universal Credit they get and other income they have.

If the person is a homeowner, then they may eventually get some help in the form of a loan towards the interest payments on their mortgage. See 'Housing Costs' on page 8 for more information.

Applications for Universal Credit must normally be made online. Once an application has been made, the applicant (and their partner, if they have one) may be required to meet with a Job Centre Work Coach to validate the claim by providing verification of their identity, the identity of their children should they have any, address, rent, savings and income. At this or a later meeting the applicant (and their partner, if they have one) will be expected to enter into a **Claimant Commitment** outlining their availability for work and the steps they will be undertaking to find work. If the applicant (or their partner) fails to keep to the terms of the Claimant Commitment, then they risk being sanctioned or losing their Universal Credit entitlement altogether. Please see 4. Applying for Universal Credit for more information.

Any Universal Credit entitlement will normally be paid by way of a single monthly payment, in arrears. Because of the way the system works the applicant will have to wait about five weeks (a month plus up to seven days) before they receive their first payment. However, if a person has no or little money then they may apply for an Advance Payment of Universal Credit which they will then be expected to repay from future Universal Credit payments.

Any Universal Credit payment will normally be paid into the applicant's bank, building society or credit union account.

## 2. Which Benefits is Universal Credit Replacing?

Universal Credit has/is replacing the following benefits - the so called 'legacy benefits':

- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Income Support (IS)
- Housing Benefit (HB)
- Child Tax Credit (CTC)
- Working Tax Credit (WTC)

However, Universal Credit is not replacing:

- Council Tax Support
- New Style JSA
- New Style ESA
- New State Pension
- State Retirement Pension
- Pension Credit
- Attendance Allowance
- Personal Independence Payment
- Disability Living Allowance
- Carer's Allowance
- Child Benefit / Guardian's Allowance
- Statutory Sick Pay
- Industrial Injuries Benefit

The expectation is that people of 'working age' who are in need of financial support because they have no income or a limited income (whether they are working or not) will be able to apply for Universal Credit to help them with their day-to-day living and housing costs.

Although Universal Credit has / is replaced Housing Benefit some people are still able to get Housing Benefit. This applies to people who are living in supported accommodation (accommodation provided by a 'relevant body' - a housing association, charity or voluntary organisation and in which the person is provided with care, support and/or supervision) then they may claim Housing Benefit to help them with their rent / service charges and not Universal Credit. Therefore, you may come across people who are living in supported accommodation who get Universal Credit for their day-to-day living but Housing Benefit towards their rent.

- They have accepted a Claimant Commitment which outlines what (if any) 'work-related requirements' they will need to adhere as part of their ongoing claim. See 9. The Claimant Commitment for more information on this.
- They have less than £16,000 in savings / capital. In the case of a couple, it is the value of their combined savings / capital which would be taken into account. Here savings / capital includes money in a bank, building society or credit union. It includes the value of any stocks or shares or similar investments. Whilst it does not include the value of the home in which the claimant normally lives it can include the value of any second home or land, even if it is held abroad. However, it does not include the value of things like a car, caravan or jewellery providing the item was not bought simply to deprive the person of money or an investment that would otherwise have counted as capital.

Therefore, it is clear to see that Universal Credit is available to a wide variety of people including people who are without paid employment, people who are working (irrespective of whether they are working part-time or full-time), people who are too sick to work and carers.

### 3. Who Can Apply for Universal Credit...

A person will be able to apply for Universal Credit providing:

- They are aged 18 or over. However, some 16-17 year-olds can claim Universal Credit. See 7. Young People for more information on this.
- They are under pension age - which is presently 66. In the case of mixed aged couples since 15.5.2019 providing one member of the couple is under pension age, they can apply.
- They are not deemed to be 'receiving education' - although there are some exceptions to this rule. See 8. Students and People in Education for more information on the circumstances in which people in education can apply for Universal Credit.

Amount of Maximum Universal Credit

Amount of Universal Credit Actually Paid

Amount of Assessed Income

It must also be noted that, whilst people can apply for Universal Credit in a number of situations, it is after all a means-tested benefit that is designed to provide people with a minimum income. Therefore, even if someone is able to apply, they will only get a payment if their 'assessed income' is less than their 'Maximum Universal Credit' amount. See 6. The Assessment: How Much Universal Credit.

**People from abroad:** It is important to also be aware that to apply for Universal Credit a person must be lawfully living (and have a 'right to reside') in the United Kingdom and not be a person subject to immigration control. The rights of people from abroad to apply for Universal Credit can be complex depending on the person's nationality and when they came to live in the United Kingdom. Indeed, some people's permission remain in the United Kingdom is subject to them not having any recourse to public funds (NRPF). This thereby excludes them from having any access to Universal Credit and other Social Security benefits. Do seek further advice and information as necessary.

## 4. Applying for Universal Credit

The application for Universal Credit must normally be made online at:

[www.gov.uk/apply-universal-credit](http://www.gov.uk/apply-universal-credit)

In couple situations, both members will need to apply. One member will need to apply first and in doing so they will be sent a linking code for their partner to use enabling both claims to be linked.

Once an application has been made, arrangements will be made for the applicant (and their partner, if they have one) to meet with a Work Coach at their local Job Centre.

At this meeting, the applicant (and their partner, if they have one) will be expected to provide information and evidence to validate their claim by providing verification of their identity and the identity of any children they have. They will also need to provide evidence of their address (and rent / landlord, if they are living in rented accommodation) and financial circumstances.

At this meeting or a later meeting the applicant (and their partner, if they have one) will be expected to enter into a Claimant Commitment outlining their availability for work and the steps they will be taking to look for work. If they fail to keep to the terms of their Claimant Commitment, then they risk being sanctioned or losing their Universal Credit entitlement altogether. See Section 8. The Claimant Commitment on page 10.

When making the claim a person will be expected to open up an online account using an email address, username, password and security questions. It is important that a person keep these details safe and handy because they will need them to access their online account in future.

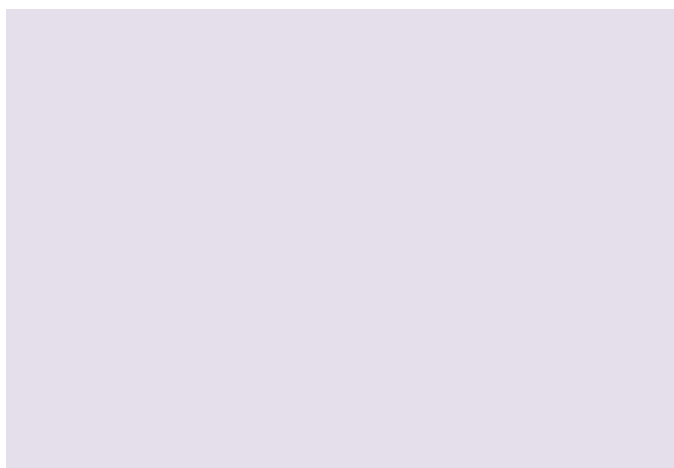
Once a person has set up an online account, they will be able to access their online **Journal** through which they can keep in touch with their Job Centre Work Coach and report changes in their circumstances. If a person is required to look for work as a condition of their Universal Credit entitlement, then they can also use their Journal to keep a record of what work search they have undertaken / jobs they have applied for.

If a person requires help to make an online application for Universal Credit, then they can contact the Help to Claim Service run by Citizens Advice on 0800 144 8444. This service is available from 8.00 am to 6.00 pm Monday to Friday.

If a person needs help to make an application, then they may also ring the Universal Credit Service Centre on 0800 328 5644 whereby they will be advised on their options.

Depending on the circumstances, a person could be signposted to their local Job Centre or another place locally that may help them with making a claim or be allowed to make the claim over the telephone. If the person is housebound and not digitally connected, then arrangements could be made for them to be visited by the DWP for a Visiting Officer to assisted to make an online claim.

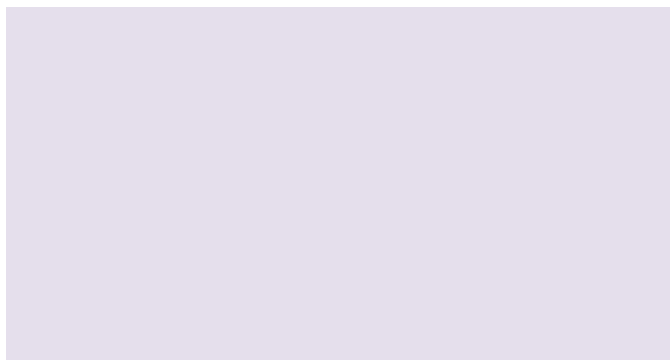
If the person lacks mental capacity to make a claim in their own right, then another person can make a claim on their behalf as an appointee.



The start date of any claim for Universal Credit will usually be from the date on which the claim is made. However, in some situations a claim may be backdated for up to one month. If, for example, a person was unable to make a claim because of illness it could be backdated to cover the relevant period once made.

## 5. Payments and Budgeting

Any Universal Credit entitlement will be paid by way of a single monthly payment paid in arrears. Because of the way Universal Credit is administered people will normally have to wait five weeks (one month plus one week) before they get their first payment. Payments will include financial support towards a person's day-to-day living costs and assistance towards their rent should they live in rented accommodation. Once paid it will be up to the claimant to manage their money and pay their rent on time.

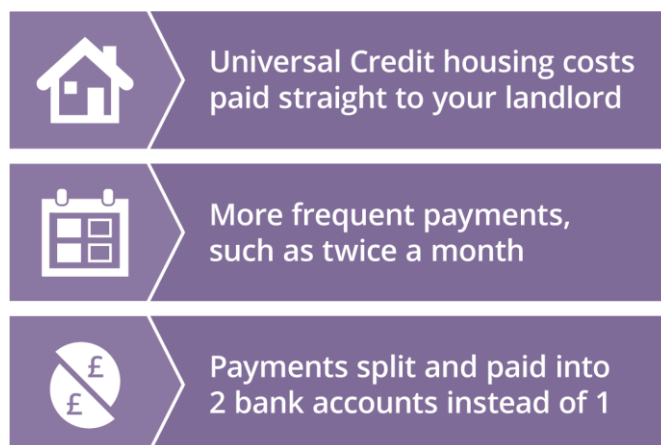


A person may apply to get an **Advance Payment** of Universal Credit whilst they are awaiting their first payment if they are in 'financial need' - meaning there is a 'serious risk' of damage to their health or safety should they not get any money. Any award of an Advanced Payment will be recovered by deductions from any subsequent payments of Universal Credit. The repayment period was initially 6 months, and this was then extended to 12 months. Now, for claims made on or after 12<sup>th</sup> April 2021 the repayment period is 24 months.

In some cases [Alternative Payment Arrangements](#) (APAs) may be made available to those who need additional support by means of:

- paying their rent as a 'managed payment' direct to their landlord in order to safeguard their tenancy
- more frequent payments (e.g. twice monthly or four times monthly) where needed.

In couple situations, split payments may be agreed where there is financial abuse, e.g. one partner mismanages the Universal Credit payment or where domestic violence is an issue, but the couple remain living together.



Any Alternative Payment Arrangement will be 'claimant centric' - that is to say that the arrangement will be discussed and considered with the claimant and applications will be considered on an individual case-by-case basis.

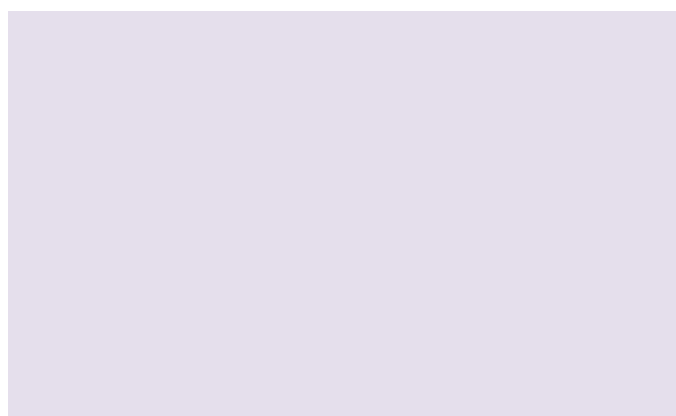
Alternative Payment Arrangements can be considered at any point during the life of a Universal Credit claim.

If a person is having problems paying their rent then they should consider the help available under the [Managed Payment](#) scheme.

A person can ask for Managed Payments to their landlord through their Journal, Job Centre Work Coach or the Universal Credit Service Centre (Telephone: 0800 328 5644) where they:

- are in arrears with their rent of more than **two months**; or
- have 'continually underpaid' their rent over a period of time and they have rent arrears equal to more than **one month's** rent.

In either of the above situations a landlord can request a managed payment of rent (plus a payment towards any rent arrears) online (see this [LINK](#) - this replaced the former UC47 form process) or through the Universal Credit Service Centre on 0800 328 5644.



Further, a Managed Payment can be requested when a tenant would struggle to pay their rent due to e.g. alcohol or drug dependency issues or because they cannot manage their finances due to a mental health condition or learning disability.

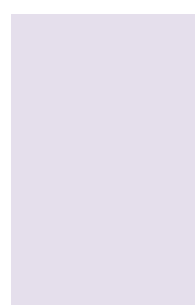
A Managed Payment may also be requested if a person's tenancy would otherwise be at risk due to their poor money management skills. The decision about whether to allow an Alternative Payment Arrangement will be made by the DWP taking into account the claimant's personal and financial circumstances.

Whilst there is no right of appeal against a decision which refuses an Alternative Payment Arrangement a person can nonetheless ask the DWP to look again any decision refusing an APA and should do so if they believe the decision was made in ignorance of their true circumstances.

Under the [Payment Exception Service](#) payment can in very limited circumstances be made to those without a bank (or similar account) by way of a:

- a Payment Card; or
- email voucher; or
- text message containing a unique reference number.

To access the payment the person needs to show their Payment Card, email voucher or text message at any PayPoint outlet. Any payment must normally be collected within 30 days of being made.



However, there is a maximum £100 limit on each collection. Therefore, a person may need to make more than one collection to get the Universal Credit paid to them.

When collecting the payment, the person will need to show original documentation (e.g. a passport, driving licence, utility bill, council tax bill or tenancy agreement) to verify their identity. If a person is unable to collect their payment themselves then they can send someone to collect, it for them. However, they will need to take the person's payment card, voucher or text message and proof of identity of the person to whom the payment has been made and proof of their own identity.

## 6. The Assessment: How Much Universal Credit?

How much Universal Credit is paid depends on the personal and financial circumstances of the claimant (and their partner, if they have one).

Entitlement to Universal Credit is worked out using similar principles to those used for working out entitlement to the benefits / tax credits Universal Credit is set to replace.

A person will be awarded a 'maximum amount' of Universal Credit according to their personal circumstances (e.g. single, couple and any children) and housing costs (e.g. rent and eligible service charges). Extra allowances made be awarded if the person (or their partner, if they have one) are disabled, are a carer or have a disabled child. If a person is working, then they may get some assistance towards the cost of any eligible childcare.

From the 'maximum amount' is deducted the person's (and their partner's, if they have one) 'assessed income' (if any).

In assessing a person's income some forms of income are counted in full whilst other forms of income are counted only in part or fully disregarded.

Income which is **counted in full** includes:

- Carer's Allowance
- New Style JSA
- New Style ESA
- Industrial Injuries Disablement Benefit

Income which is **counted in part** includes:

- earnings / wages

Income which is **fully disregarded** includes:

- Child Benefit
- Disability Living Allowance
- Personal Independence Payment

- Attendance Allowance.

If the claimant is working, then it is only a percentage of their take-home pay which is taken into account after any Work Allowance disregard that may be applicable.

It is not the whole of a person's earnings / wages that are taken into account. In any event is only 55% of the net wage that is taken into account.

What is more, if the person has a child or has been assessed as having 'limited capability for work' (See page 8 for more information) then a Work Allowance disregard of £404.00 per month (where the person has housing costs/rent to pay) or £673.00 per month (where a person has no housing costs/rent to pay) is applied first and it is then 55% of the balance which is taken into account as part of their income.

**Example One:** Salima is aged 22. She is a lone parent and lives with her parents. Her son, Zak is aged three. Her only income is £25.60 per week Child Benefit. Salima would be awarded £599.60 per month ('maximum amount' of Universal Credit) from which £NIL income ('assessed income') would be deducted because she has no income apart from her Child Benefit and this would be fully disregarded. Therefore, whilst getting Universal Credit Salima's income would be £599.60 per month Universal Credit plus £25.60 per week Child Benefit. This money is intended to help Salima with the costs associated with her day-to-day living.

**Example Two:** John and Sadie are aged 28 and 26 respectfully. They live together in a two-bedroom house which they rent from a private landlord.

Their rent is £425.00 per month. They have two children, Anna (aged 3) and Noah (aged 2). John works part-time. His take home pay is £680.00 per month. Sadie does not work.

Apart from John's earnings the family's only other income is £42.55 per week Child Benefit. The couple would be awarded £1,618.44 ('maximum amount' of Universal Credit) from which £151.80 income ('assessed income') would be deducted. Therefore, the couple Universal Credit entitlement would be £1,466.64 (£1,618.44 less £151.80 = £1,466.64) per month. The amount in income deducted would be John's earnings (£680.00 wages less £404.00 work allowance @ 55% = £151.80). The couple's Child Benefit would be fully disregarded as an income. The Universal Credit awarded to the couple is designed to help them with the costs associated with their day-to-day living and to enable them to pay their rent.

**Example Three:** Katrina is aged 31. She is a lone parent. She lives in a housing association two bedroom flat with her 8-year-old son, Jack. Her rent is £335.00 per month.

Katrina receives £81.90 per week Carer's Allowance because she looks after her disabled mother. Her only other income is £25.60 per week Child Benefit.

Katrina would be awarded £1,260.09 ('maximum amount' of Universal Credit) from which £354.90 ('assessed income') would be deducted. Therefore, Katrina's Universal Credit entitlement would be £1,260.09 less £354.90 = £905.19 per month. The £354.80 deduction would be for her Carer's Allowance (£81.80 multiplied by 52 = £4,258.80 and divided by 12 = £354.90) which would be taken into account in full. However, her Child Benefit would be fully disregarded. The Universal Credit paid is intended to help Katrina with the costs associated with her day-to-day living and to enable her to pay her rent.

**Housing Costs:** Whilst Universal Credit will look to provide financial assistance towards people's rent / service charge payments it should be noted that homeowners who have a mortgage will only be eligible to limited assistance. Homeowners who qualify for Universal Credit and have a mortgage / loan secured against their home may receive help under the 'Support for Mortgage Interest' (SMI) scheme. Under this scheme a homeowner may apply for a SMI loan after 3 months ('assessment periods') which is designed to cover the interest of the mortgage/loan. Any amount loaned would need to be repaid upon any eventual sale of the property / if the homeowner died. Historically, SMI loans were not available to those who worked irrespective of how many hours they worked or the level of their earning. However, this rule was scrapped on 3<sup>rd</sup> April 2023.

Those living in privately rented properties will get a level of assistance towards their rent equal to the amount of Local Housing Allowance (LHA) set according to the size of property and the size / make-up of the person's family. Those living in a property provided by a social landlord could find themselves affected by the 'spare room subsidy' (aka bedroom tax) if they are deemed to be overaccommodated.



Both these measures could result in a person getting less help towards their overall rent. In such cases a person may be entitled to a [Discretionary Housing Payment](#) from their local authority. Do seek further information and advice as necessary.

**Work Capability Assessment:** If a person has a physical or mental condition that would be likely to prevent or limit their ability to work then they should state this when making the application for Universal Credit.

If the difficulties persist, then after 4 weeks (from day 29 of their claim) they should be referred for a Work Capability Assessment.

This will normally involve them having to complete a UC50 questionnaire outlining the physical / mental limitations of their condition and taking part in a face-to-face assessment with a Healthcare Professional.

The aim will be to assess whether they may have 'limited capability for work' or 'limited capability for work' and 'limited capability for work-related activity'.

If a person is found to have:

- 'limited capability for work' (but not 'limited capability for work-related activity') then they should only be expected to take part in Work-focused Interviews and Work-related Activity as part of their Claimant Commitment; or
- 'limited capability for work' and 'limited capability for work-related activity' then they will not have to undertake any Work-related Requirements.

Please see Section 8. The Claimant Commitment (on page 10) for more information about the Claimant Commitment and the different types of Work-related Requirements.

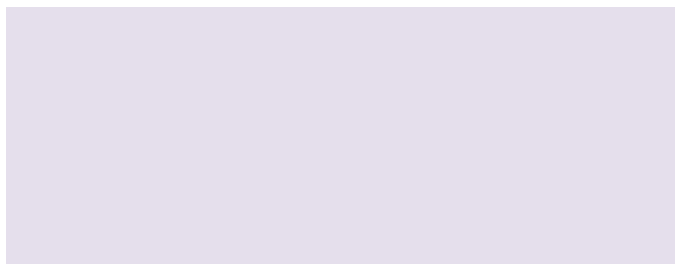
Most importantly, it must be noted that people who are assessed as having 'limited capability for work' (with or without an assessment of 'limited capability for work-related activity') may, if they actually do work, be eligible to a Work Allowance (a disregard on their earnings) worth up to £404.00 per month or £673.00 per month (depending on whether or not a person lives in rented accommodation or is an owner occupier).

Those who were assessed as having 'limited capability for work' (but not 'limited capability for work-related activity') used also to get the 'limited capability for work element' (worth up to £156.11 per month) included in their Universal Credit calculation. However, this extra payment was abolished in cases involving new claims made on or after 3<sup>rd</sup> April 2017.

Those who are assessed as having 'limited capability for work' and 'limited capability for work-related activity' will qualify for the 'limited capability for work-related activity element' which is worth up to £416.19 per month. Please see our Information Guide 7: Universal Credit: The Work Capability Assessment Toolkit for more information on how 'limited capability for work' and 'limited capability for work-related activity' is assessed.

**Benefit Cap:** If a person has a large family and/or high rent then they could find themselves affected by the [Benefit Cap](#). This is the measure that is designed to limit the overall amount in benefits a person is allowed to receive. The current level for people living in Wolverhampton for families is £1,835.00 per month and for single people it is £1,229.42 per month. Do seek further information and advice as necessary.

**Two Child Limit:** The [Two Child Limit](#) restricts the amount of Universal Credit that can be awarded to support families who have more than two children (subject to some exceptions) where a third or subsequent child is born after 5<sup>th</sup> April 2017. Even if a parent is denied extra Universal Credit (a 'child element') due to this measure any extra Universal Credit that may be due for a disabled child should still be awarded. Do seek our Fact Sheet 2: Benefits and Disabled Children.



Do seek further information and advice as necessary.

## 7. Young People

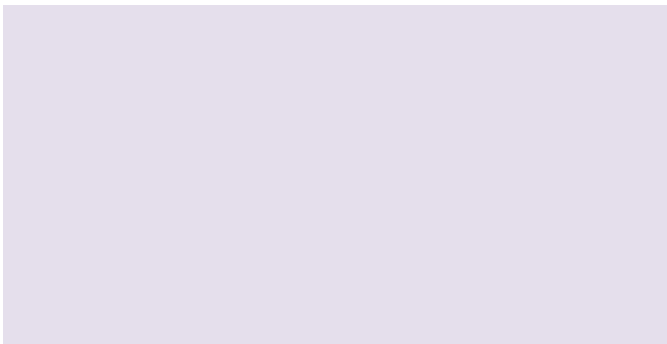
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The Universal Credit rules mean that 16 and 17-year olds are only able to apply in certain circumstances. These include where the young person:

- is too sick to work (i.e. they are assessed as having 'limited capability for work')
- is a carer for a severely disabled person
- is pregnant and within 11 weeks of childbirth
- is a lone parent
- cannot live with their parents (including anyone who acts in place of their parents) because they are 'estranged' from them
- cannot live with their parents (including anyone who acts in place of their parents) because there would otherwise be a 'serious risk' to their physical or mental health
- cannot live with their parents (including anyone who acts in place of their parents) because they would otherwise suffer significant harm

- is an orphan and does not have anyone acting in place of their parents.

It also includes situations where the young person is living away from their parents and their parents are unable to support them due to disability or because they are in prison.



The rules are different for care leavers and young people being 'looked after' in local authority care so please seek further information and advice should this apply.

## 8. Students and People in Education

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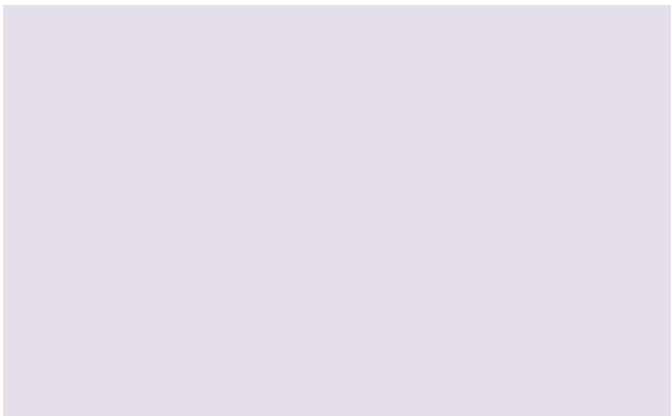
Under Universal Credit the general rule is that a person may not claim Universal Credit whilst they are considered to be 'receiving education'. However, there are some exceptions to this depending on the age and circumstances of the claimant and the nature of course they are on.

For example, a person may apply for Universal Credit whilst studying if they are:

- a) a lone parent
- b) disabled and get Personal Independence Payment or Disability Living Allowance and they may be considered to have 'limited capability for work' (i.e. they may be considered to be too sick to work) under the Work Capability Assessment (see Note on page 11); or
- c) an orphan and aged under 22 and undertaking a course of 'non-advanced education' (e.g. GCSEs / A levels) and they do not have anyone acting in place of their parents; or

d) aged under 22 and undertaking a course of 'non-advanced education' (e.g. GCSEs / A levels) and they may be considered to be without 'parental support' because they cannot live with their parents (or anyone who acts in place of their parents) due to estrangement or due to a serious risk to their physical or mental health.

**Note:** From the **5<sup>th</sup> August 2020 / 15<sup>th</sup> December 2021** new rules were introduced providing that to now qualify under (b) above any assessment of 'limited capability for work' needs to have been made under Universal Credit or New Style ESA before the disabled student started their studies. In other words, a disabled student cannot be studying and then claim Universal Credit for the first time. An appeal against the lawfulness of the 5.8.2020 rule change was recently dismissed in the High Court. See [Flinn Kays v Secretary of State for Work and Pensions](#).



If the person is undertaking a degree course, then they would be expected to access any student loan available to them and then particular aspects of any such loan would be treated as part of their income when assessing how much Universal Credit should be paid.

Do seek further information and advice as appropriate.

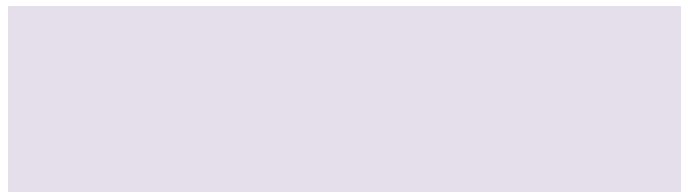
## 9. The Claimant Commitment...

Everyone who applies for Universal Credit is required to have accepted a Claimant Commitment as a condition of their ongoing entitlement to Universal Credit.

However, a person may in effect be exempt from this requirement if it is considered that:

- they 'lack capacity' (this could be physical or mental capacity) to enter into a Claimant Commitment; or
- there are 'exceptional circumstances' which mean that it would be 'unreasonable' to expect them to accept a Claimant Commitment at that particular point in time.

New rules introduced from **15<sup>th</sup> February 2022** now mean that anyone who may be considered to be terminally ill should be exempt from the Claimant Commitment requirement. A person will be considered to be 'terminally ill' if they suffer from a progressive disease and by reason of that condition their death can be reasonably expected within 12 (was formerly six months) months.



The Claimant Commitment details what Work-related Requirements a person has to commit to as part of their continued entitlement to Universal Credit.

There are essentially four parts to the Claimant Commitment:

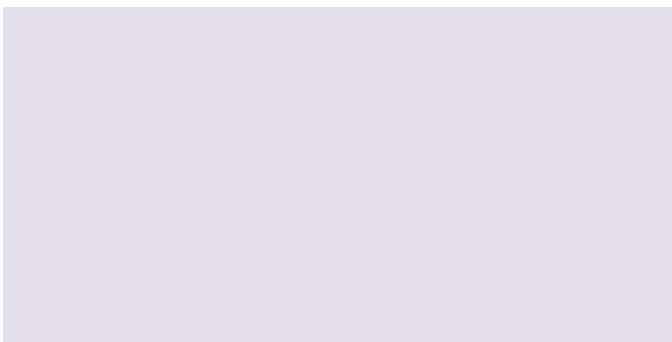
- **Work-focused Interviews:** These will take place with the person's Job Centre Work Coach and are designed to monitor a person's job search and examine any barriers to employment.
- **Work Preparation:** May involve attending training courses at improving a person's presentation or work experience with the aim being to get the person 'job ready'.
- **Work Search:** Under this a person is expected to undertake reasonable steps to get paid employment, more paid employment or better-paid employment.

The general expectation is that a person will look for work up to 35 hours per week depending on their personal circumstances

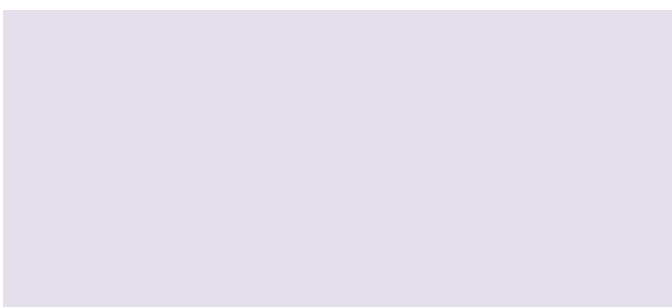
with allowances being made if they are already in paid employment, undertake voluntary work, have childcare responsibilities and/or are in poor health.

- **Work Availability:** Here a person is agreeing to take up paid employment (more paid employment and/or better paid employment) or take part in a job interview immediately.

Each claimant will have a Claimant Commitment drawn up during a meeting with them by a Work Coach at the Job Centre, which should both outline their personal circumstances and confirm their obligations in relation to the 'work-related requirements'.



It should include details of the agreed steps the person will take to improve their job prospects and find work. The Claimant Commitment may be reviewed, altered and updated periodically.



Ultimately, what may be expected of someone will very much depend on their health and personal circumstances. Some people are not expected to undertake any Work-related Requirements as a condition of their claim for Universal Credit. Moreover, many people are sanctioned when they should not be. Anyone who feels they have been sanctioned unfairly should seek further information and advice as necessary and look to challenge the decision in question.

## 10. Natural Migration and Managed Migration...

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If a person is getting a 'legacy benefit' then they will normally be expected to apply for Universal Credit under a system known as '**natural migration**' when they have a relevant change of circumstances.

For example, the person:

- is getting Income-based JSA and they then get a job meaning they are no longer entitled to Income-based JSA
- is getting Working Tax Credit but lose their employment meaning they are no longer entitled to Working Tax Credit
- is getting Income-based JSA and becomes too sick to work in circumstances which mean that they are no longer entitled to Income-based JSA
- is getting Income-related ESA and become fit for work in circumstances which mean that they are no longer entitled to Income-related ESA
- moves home from one local authority (e.g. Wolverhampton) area to another local authority area (e.g. Dudley or Walsall) and needs help with their rent.

In some situations where a person has a change of circumstances, they may have a choice whether to remain on 'legacy benefits' or apply for Universal Credit. Do seek further information and advice as necessary. The rules are complicated, and a person could end up financially worse off by making the wrong choice.

**Severe Disability Premium (SDP):** Between the period from **16<sup>th</sup> January 2019** to **27<sup>th</sup> January 2021** people whose 'legacy benefit' included an award of an SDP (worth up to £81.50 per week for a single person and up to £163.00 per week in the case of a couple) were excluded from the Natural Migration process.

This is because they invariably would have ended up significantly worse off under Universal Credit because Universal Credit has no equivalent to the SDP.

**Note 1:** No transitional payment will be paid where the only 'legacy benefit' in payment was Housing Benefit and it was within this benefit that the award of an SDP was contained.

**Note 2:** More recently a new High Court ruling in [\[2022\] EWHC 123](#) (Judgement dated 21.1.2022) has held that the loss of benefit income experienced by some disabled claimants / claimants with disabled children when moving to Universal Credit under 'natural migration' is unlawful discrimination.

During the relevant period such groups were expected to remain on 'legacy benefits' despite any relevant change in their circumstance. However, since **27<sup>th</sup> January 2021** this exclusion has been lifted meaning that such groups are now allowed / required to make the move on to Universal Credit.

Given this ruling and that leaving people significantly worse off when they transition under Natural Migration is unlawful it may be advisable for people who find themselves in this situation to challenge the Universal Credit decision. The premise being that the decision which leaves them worse off is unlawful. Do seek further information and advice as necessary.

However, in doing so they will receive a 'Transitional SDP Element' to compensate them in part for the fact that the move on to Universal Credit has left them worse off.

The transitional protection payments were introduced by the DWP following a High Court ruling that it was unlawful for the DWP to expect people with an SDP to move on to Universal Credit under Natural Migration because of the consequential loss in benefit income.

Those people living in Wolverhampton who remain on 'legacy benefits' will eventually be contacted during 2024 / 2025 by the DWP and invited to apply for Universal Credit under a system known as **Managed Migration**.

The transitional payment can range from as little as £140.97 per month to as much as £475.79 per month. How much transitional payment is awarded depends on whether the person making the move is single or a member of a couple. If they are a member of the couple, then it will depend upon whether they received two SDPs or one.

The DWP will send people who remain on 'legacy benefits' a **Migration Notice** advising them that they have been selected to apply for Universal Credit. The Migration Notice will inform people that their 'legacy benefits' will cease to be paid on a particular date unless they are able to show that there is 'good reason' why they did not act in time. The date by which they need to apply for Universal Credit will be their **Migration Day**. There should be at least 3 months between the date of the Migration Notice and the Migration Day.

Anyone who was getting the SDP and moved from 'legacy benefits' to Universal Credit before 16<sup>th</sup> January 2019 should have been contacted by the DWP and either awarded a payment to compensation for arrears of lost benefit income together with an ongoing transitional protect payment (called a transitional SDP Amount) or returned on to their old 'legacy benefits'.

When making the transition from 'legacy benefits' to Universal Credit under Managed Migration a person will receive a Transitional Element which is designed to make up the shortfall between what they previously received in 'legacy benefits' and what they will now receive in Universal Credit.

If a person for 'good reason' needs more time to apply for Universal Credit, then the DWP can extend the Migration Day deadline.

If a person fails (without 'good reason') to apply for Universal Credit by their Migration Day then, as stated, the payment of their 'legacy benefits' will stop. However, providing they apply for Universal Credit within a month of that date (the Final Deadline date) they will still be able to qualify for the Transitional Element if they were 'better off' under the 'legacy benefit' system.

## 11. More Information

The Welfare Rights Service produces the following Information Guides and Fact Sheets on Social Security benefits and welfare reform.

### Benefits Information Guides:

1. Universal Credit
2. Universal Credit - Claims and Payments
3. Universal Credit - The Claimant Commitment
4. Universal Credit - Sanctions and Hardship Payments
5. Universal Credit and Vulnerable People - Claims and Payments
6. Universal Credit - Manage Migration
7. Universal Credit and The Work Capability Assessment - Toolkit
8. Personal Independence Payment
9. Personal Independence Payment - Toolkit
10. Form Filling: PIP2
11. Form Filling: ESA50 / UC50
12. DWP Social Fund
13. The Spare Room Subsidy

### 14. The Benefit Cap

### 15. Disputes and Appeals

### 16. Going to Appeal: First-tier Tribunals

## Benefits Fact Sheets:

1. Benefits and Work
2. Benefits and Disabled Children
3. Benefits and Young People
4. Benefits and Older People
5. Benefits and People from Abroad
6. Private Tenants and Universal Credit
7. Volunteering and Benefits

The information in our guides and fact sheets is designed to provide details of the different benefits that may be available to people in a variety of situations including when they are in work, unable to work due to ill-health, unemployed or retired. It also seeks to inform people of the steps that may be taken should they wish to dispute a decision made surrounding their benefit entitlement.

A copy of the Information Guides and Fact Sheets may, together with other topical benefit information, be obtained from our [Social Security Benefits](#) page on the City of Wolverhampton Council website.

Please also watch out for our periodical **Benefits Bulletins** which provide news on the latest developments surrounding benefits and welfare reform. These are also available on the website.

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Note: The details provided in this and our other Information Guides and Fact Sheets is meant to provide an overview on important and topical issues relating to Social Security benefits and welfare reform. The details should not be treated as an authoritative statement of the law. The details may be subject to change by new regulation and/or case law. Do seek further information and advice as necessary.

Welfare Rights Service  
Specialist Support Team  
City of Wolverhampton Council