

Universal Credit natural migration toolkit for advisers and those who support people with UC

This is a working document. Please suggest improvements.

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Background

The Government have **two methods to move people from ‘legacy benefits’ to UC**. Natural and managed migration. **This toolkit helps you to advise those on legacy benefits, whether it’s a good idea to claim UC or not.**

Natural migration applies at the moment, where if a legacy benefit claimant has a change in circumstances that would normally mean a claim to another ‘legacy benefit’ they would have to claim UC and their legacy benefits would end. But not always - see this [table which lists when they have to claim UC and when they do not](#). The Government also call this ‘voluntary’ migration.

Managed migration [started in May/June 2022](#) on a very small scale with plans to build up until complete roll out by 2024, with the DWP writing to legacy benefit claimants telling them they have to claim UC and their legacy benefits will stop.

CPAG: “The official approach is... decide for yourself if you should claim UC, by carrying out your own ‘better-off’ calculation using online calculators and getting advice There is no ... undertaking to allow claimants who turn out to be worse off to return to the legacy system. It is a daunting responsibility for claimants, especially given that no online calculator or adviser is in a position to provide a formal guarantee of their position....”

DWP [estimate](#) around 55% would have a higher entitlement on UC, approximately 35% households would have a lower entitlement and the rest will see no change. However this does not take into account the difficulties people may have with UC which may lead to lower entitlement.

There are about 13,000 households in Newcastle still on legacy benefit, so we need to make sure they are on the right benefit. Specifically:

- **Residents on legacy benefits** should
 - consider if they would be better off claiming UC now or, if possible, waiting till managed migration, and understand when it might be better to claim UC
 - also be prepared for managed migration when appropriate
- **Residents not on UC or legacy benefits** should consider claiming UC

Our communication to those residents provides the tools to help them decide for themselves. We know this is not easy, so we will also be directing people to (1) seek advice from advice services if they cannot do it themselves and (2) support for those who need help to make the claim.

Further background. Presentation to Advice Compact 16 March 2022 and ‘UC Migration - Council and the Advice Compact approach’ 22 March 2022

Advice to advisers

Below are examples to help you advise when someone on legacy benefit might be better off on UC or not. They are only examples, and more than one example may apply from both lists. You have to take into account all relevant factors on an individual basis. More advice and scenarios are listed below under [More details and support/information](#) in particular the DWP [Completing the Move to Universal Credit](#) which has examples of who might see a higher and lower UC entitlement and 13 case studies.

Based on the person’s circumstances and taking into account the examples and resources below, we suggest you need to (1) provide a ‘better off’ calculation comparison, (2) advise on the aspects of UC that may cause problems, such as, the online claim, monthly payments (also listed below), (3) advise on the implications of any future changes, (4) advise on the circumstances when they may have to claim UC and when they may not (i.e. when they have a choice) – see [table](#) for examples, and if someone doesn’t have a choice (due to a change in circumstances) then they need to be forewarned of / prepared for the differences of the new UC system.

Reasons for moving from legacy benefits to UC via natural migration (before managed migration)

Carers. The UC carer element can be paid regardless of earnings or claiming Carers Allowance

Workers. The improved taper and work allowances have made UC a better option for some workers. *But no improvements for those who aren’t working, including some with disability.*

UC has no hours thresholds like WTC. *But has no ESA ‘permitted work’ rules.* Those under 25 not entitled to WTC may be better off on UC if working

LCWRA. The UC LCWRA element is much higher than IRESA support group amount. *But note the higher SDP, and differences in the LCW and LCWRA 'treated as' between ESA and UC.*

Income rules differ. For example, income from lodgers, sub-tenants, pension contributions from earnings and War Disablement Pension and some related payments are ignored by UC but are taken into account (minus disregards) by legacy benefits

- Some calculation examples

Lone parent, over 25, works 32hrs /week, 1 child, housing costs £120pw, earning £1220

UC = £164.14

Legacy benefits (LB) = £109.19 (TC £101.75 + HB £7.44)

Lone parent over 25, works under 16 hrs/week so ineligible for WTC, 1 child as above

UC = £249.49

LB = £186.72 (TC £66.85 + HB £119.87)

**ESA support group, no SDP.
Single, no kids or housing costs
or other elements**

UC = £159.04

ESA= £135.35 (support group and EDP)

**Single over 25, works 25
hrs/week £250/week, housing
costs £120/week**

UC = £65.14

HB = £17.30

**Lone parent aged 25, child has MRC DLA. Rent £120, working 25 hrs/week
at £250/week**

UC = £206.39

LB = £189.64 (TC £166.13 + HB £23.51)

BUT

as above but not working

UC £284.40

LB = £321.32 (IS 77 + TC £124.32 + HB £120)

Pros / cons – things to consider

UC is one benefit so less chance of communication breakdown with HMRC, DWP and LA but (1) CTR still has to be claimed & may be missed, (2) UC stopping e.g. due to DWP error is much worse than just one legacy benefit stopping.

Moving from ESA to UC. If you were entitled to the LCW or LCWRA element on the date you claim UC, those elements should be included in your UC straight away ([reg 19 TP regs](#)) but sometimes are not, or the 3 month relevant period is wrongly applied (See [CPAG challenge template letters](#)). There are other reasons why the 3 months wait should not apply.

Council Tax Support. Treatment of UC and legacy benefits may differ e.g. in [Newcastle](#) legacy benefits are treated as passporting benefits that enable a maximum award of 100% CTS for working age claimants in the current 2022/23 scheme but UC (including various elements) is counted as income in full, so may mean you may have more council tax to pay.

Passported benefits such as FSM and health benefits. Rules differ.

Non-dependant deductions. The UC Housing Cost Contributions (HCCs) and HB non-dependant deductions (NDDs) are different. E.g. there is no UC HCC for non depts under the age of 21 or who get a disability benefit or carers allowance and the deduction amounts vary.

If a DLA or PIP claim is pending, may be better to wait for outcome as legacy benefit may be higher than UC if awarded – due to SDP.

Students with child or qualifying young person of any age eligible for UC with no work-related requirements (under legacy benefit, would lose IS once child reached 5 and unable to claim JSA). Student finance not taken into account for Tax Credits but is for UC, although partially counterbalanced by more help with standard allowance and HCE. More difficult to get UC as a sick and disabled student (have to become sick before starting study).

If you live in shared accommodation, renting one room in shared property and sharing some or all of the facilities in the property with someone other than your partner, the Local Housing Allowance (LHA) shared accommodation rate will always apply in Housing Benefit even if you are not under 35 years old. But under Universal Credit, if you are 35 or older you will get the one room rate of LHA even if you live in shared accommodation. So on HB, if you live in shared accommodation, regardless of whether you are under or over 35, you will get the shared room rate, but on UC once you reach 35, you will get the one room rate.

UC online TIP: get claimants to regularly screenshot their journal (Windows snip tool), because legacy benefits send decision letters, but a UC decision is on journal and sometimes 'lost' if claim closes.

Reasons to consider remaining on legacy benefits & not claiming UC

... and wait till managed migration (MM) which includes transitional protection

Transitional protection (TP) amount makes up the difference between legacy benefit and UC, if UC is lower. Note:

- TP can erode with inflation and end with certain changes in circs. However, the entire loss of PIP or arrival of carer status etc will not terminate or erode TP at all.
 - There are various reasons you can't get TP.
 - Was couple under legacy benefits but claim UC (under MM) as single person
 - UC refused but later awarded after reclaim
 - A failed claim
 - No TP if UC claimed too early or too late (date on managed migration letter)
- More detail in CPAG handbook and elsewhere

TC has no capital limit, so those with £16,000 or more savings, will prevent a UC claim, and UC is affected by the capital taper rule from £6,000-£16,000. So too will value of a second home. *But TC has income from investments etc rule.*

Childcare costs

1. more difficult under UC e.g. have to be paid up front and invoiced to UC within a time limit, and monthly. Gov say the 'Flexible Support Fund' will help if pending first wages and then the budgeting advances can help with further upfront costs (details in CPAG WB Handbook).
2. UC can include up to 85% childcare support but should be compared with childcare costs being included in HB earned income disregards.

Mixed-age couples claiming PC/HB continuously since 14 May 2019 are unlikely to be better off by moving to UC. Details by [entitled to](#) and [Age UK](#) and [revenuebenefits](#).

Self-employed may want to avoid the UC Minimum Income Floor rule and rigid rules for reporting income every month

The benefit cap applies to whole of UC (except child-care costs) but only HB under legacy benefit. So those with more children may mean a higher cap in UC. There are other differences e.g. if on WTC for HB compared with threshold amounts for UC – and how income is treated.

Maternity. Tax Credits ignore all of Maternity Allowance when calculating income, but you are still classed as working (they also ignore £100 a week of SMP). UC include all maternity pay as income and also do not count you as working if you are on MA. That's a warning if someone is pregnant or has a baby that they think twice before switching to UC, particularly if on MA as they be considerably worse off

The personal allowances and premiums / elements differ

For example:

- Parents and couples **under 25** paid at the lower rate,
- **Family with child on MRC DLA.** They will get the UC lower disabled child element but that is lower than the amount in Child Tax Credit,
- **The loss of SDP** is covered by a transitional amount – but the amount has been successfully challenged and we await DWP response. Once the transitional SDP element is allowed, it should not stop later if PIP is terminated or carer arrives etc. But the amount can be eroded with some changes in circumstances e.g. it appears that if someone moves from WCA to LCWRA element the DWP may

reduce the transitional SDP amount by the difference. This is a complicated area (See CPAG Welfare Rights Bulletin 286 UC migration Rightsnet article 17679) and may be subject to challenge.

Under 25s on ESA – get full rate on ESA after assessment phase. They don't on UC

Debt Relief Order (DRO)

If you have applied for a DRO in the past 12 months and are still in the moratorium period; if you will be better off on UC, you should seek advice from the agency that submitted your DRO to check that the increase in income will not affect your DRO

- Wider considerations:

Here are some aspects of UC that might cause problems which can lead to UC reducing (e.g. sanction, debt recovery) or stopping:

- **Work related requirements (and sanctions) are tougher under UC** e.g.: partner may have requirements. Tax Credits doesn't have conditionality (more on UC/TC from CPAG below)
- The **online** claim and management of UC, computer literacy, access to internet and IT equipment, cost of broadband.
- **5 weeks delay** in first payment followed by repayment of an advance payment (loan). *Although auto 2-week run-on for legacy benefits (IS, ib-ESA, ir-JSA and HB, except TC)*
- **UC hardship payments** are loans
- **Rent help** direct to claimant – unless APA
- **UC monthly** payment versus 2 weekly > budgeting problems - unless APA
- **UC paid to one in a couple** (unless APA) whereas legacy benefits often spread
- **UC difficulty with fluctuating earnings**, or earnings that are paid weekly, bi-weekly or 4 weekly - causing UC to stop for at least a month. Plus surplus earnings rule will be especially problematic when reduces from £2,500 to £300 in April 2023. Whereas earnings are averaged by legacy benefits and TC is yearly. *Although UC responds to monthly fluctuation in wages so avoiding large tax credit overpayments*
- **Timing of claim** can be important e.g. avoiding wages being included in first payment; avoiding getting UC at end of month if working and paid monthly around that time
- The **UC OP rules** are much 'stricter' than legacy benefits
- **Deductions from UC** for debts and fines and third-party deductions, and overpayment recovery can be higher and may start soon after change to UC
- **When moving to UC**, the DWP are recovering **old Tax Credit and other overpayments** – but there are maximum % that can be taken

More details and support/information:

www.newcastle.gov.uk/universalcredit/the-move-to-universal-credit (new page)

[www.newcastle.gov.uk/Universal Credit - support in Newcastle](http://www.newcastle.gov.uk/Universal-Credit-support-in-Newcastle) (support with UC in Newcastle)

www.newcastle.gov.uk/universalcredit ('less detailed' page)

www.newcastle.gov.uk/universalcredit-moredetail ('more detailed' page)

DWP: [Completing the Move to Universal Credit](#)

Examples of who might see a higher and lower UC entitlement and 13 case studies

DWP: [Tax credits and some benefits are ending: claim Universal Credit](#)

'This guidance is only for people who live in Bolton or Medway who have received a Migration Notice letter. For everyone else visit the [Universal Credit](#) guidance.'

CPAG factsheets:

[UC factsheet](#)

[Tax credits - moving on to universal credit factsheet](#) (UC and TC comparison)

Rightsnet: <https://universalcreditinfo.net/>

Quick reference guide to universal credit regulations, guidance and case law

LITRG and Rightsnet: <https://revenuebenefits.org.uk/universal-credit/>

UC news, case law, legislation, migration etc

Age UK: [Universal Credit](#) factsheet

Available via CPAG [subscription](#):

- CPAG handbook - paper or online, and for example:
- CPAG Welfare Rights Bulletin 286 UC migration article
- CPAG February e-Bulletin: "moves to UC" 17/2/22

[Disability Rights Handbook](#) - paper or online

Quick Benefits Calculator (QBC) by [Lisson Grove](#) (WRS use this but are others)