

Universal Credit entitlement examples:

Entitlement levels under UC are different from those on legacy benefits. Anyone who is migrated to UC will receive transitional protection at the point of change so they are no worse off. People who make a new claim or have a change of circumstances which prompt a claim for UC will not receive transitional protection (although very recent measures around the Severe Disability Premium may mean change this for some people).

The below examples assume someone has made a new claim and therefore do not receive transitional protection.

Example 1:

Single claimant moving from full UC to working part time – he is better off

Brian is 26, he lives on his own and he is looking for full-time work, he rents a room in a shared house for £358.19 per month (this is the Local Housing Allowance limit for shared accommodation). Brian hasn't got any income apart from his Universal Credit.

Brian is offered a job for 10 hours per week; his take home pay will be £325.00 per month (£75.00 per week).

Summary:

Legacy Benefits: £371.63 per month

Universal Credit: £471.26 per month

He will be £22.86 per week, £99.07 per month better off under Universal Credit

Example 2:

Couple one caring for their disabled child claiming Carers allowance, partner takes up part time work – better off under legacy system

Nina and Nihal have 2 children aged 7 and 12. They are both out of work at the moment and renting in the private sector for £997.88 per month, which is the local housing allowance rate for a 3 bed property. Their youngest child Tanisha receives the middle rate care DLA because she has cerebral palsy and Nina claims £271.70 per month carers allowance for looking after her.

Summary:

Legacy Benefits per month £1883.01

Universal Credit per month £1739.66

Nina and Nihal were better off on the legacy system by £33.00 per week £143.00 per month.

The disabled child element within Universal Credit is set at £126.11 per month, whereas the comparable rate in child tax credit is £264.58.

Example 3

Single parent on full UC – then takes up work of 16 hours – she is worst off under UC as she is under 24

Adriana is a single parent aged 24, she has a 4 year old and she lives in a housing association flat where she pays £650 per month rent. She starts work for 16 hours per week, her take home pay is £128.00 per week, £554.66 per month.

Summary:

Legacy Benefit: £998.66 per month

Universal Credit: £950.37 per month

Adriana was £11.14 per week, £48.27 per month better off under the legacy system

The government have increased the offer of free childcare from 16 hours to 30 hours from September 2017 for 3 & 4 year olds. If she has to pay for childcare the current tax credit calculation only offsets 70% of the costs. Under UC this is more generous and has been increased to 85% up a maximum

Example 4

Working couple with 2 older children – one of the couple works 30 hours eligible for a 3 bedroom property

Summary:

Legacy Benefits: £321.62 per week

Universal Credit: £339.46 per week

So they are better off under UC by £17.84 per week

