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Universal Credit

Universal Credit (UC) is a means-tested benefit for people who have not reached state pension credit age. It is gradually being phased in and will eventually replace Housing Benefit, Income Support, income-based Jobseekers Allowance, income-related Employment and Support Allowance, Child Tax Credit and Working Tax Credit.

UC is calculated by adding together up to four elements which make up the maximum possible award before income and capital are taken into account:

- A standard element that everyone receives: the amount depends whether the claimant(s) is/are single or a couple and whether they have reached age 25
- An allowance for each child for whom the claimant(s) is/are responsible
- An amount for housing costs
- Supplements for people who are sick or disabled, carers and people who pay childcare fees so that they can work

The maximum amount is then reduced if the claimant has any earnings or other income.

Most UC claimants must comply with conditions that require them to seek work or prepare for work. There are four levels of conditionality:

- No conditions
  - This applies to people who are excused from work (mainly due to illness/disability and caring responsibilities) and also people who are doing enough work to be excused from trying to find more
- Interviews only
  - This applies to people with children over 1 but still under 3
- Interviews and work preparation
  - This applies to people with a child aged 3 or 4, and to people who are currently unfit for work but who are expected to be able to work in the foreseeable future
- Full work seeking
  - This applies to people who are unemployed or doing only a small amount of work and who are expected to seek full time employment

If a UC claimant does not comply with these conditions they might face a “sanction” which means that some or all of their UC is not paid for a period. In the most serious cases the sanction can last for three years.