Managed Migration to Universal Credit

The aim of this factsheet is to provide information about the managed migration of legacy benefit claimants to Universal Credit.

What is managed migration?

Managed migration is the process where the DWP invites legacy benefit claimants to make a claim for Universal Credit. This is different to natural migration, which happens when a legacy benefit claimant has a change in circumstances and Universal Credit becomes the only benefit available to claim.

Which benefits does Universal Credit replace?

Universal Credit is a working-age means-tested benefit and it is replacing six existing working-age means-tested benefits (known as **legacy benefits**):

- Income Support
- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Housing Benefit (working-age claimants)
- Child Tax Credit
- Working Tax Credi

Which benefits does Universal Credit not replace?

Universal Credit does not replace any benefit not listed above, eg. Child Benefit, Carer's Allowance, Personal Independence Payment, Statutory Sick Pay, Pension Credit.

Managed migration process

- The managed migration process begins when the DWP send you a **migration notice**. This notice informs you that your legacy benefit entitlement will end on a specified date and invites you to make a claim for Universal Credit. Receiving this notice makes you a **notified person**.
- The notice includes a day by which you must make a claim for Universal Credit, known as your **deadline day**. This date must be at least three months from the date on your migration notice. The deadline can be extended if there is good reason (eg. you have a health condition or disability, you are about to go into hospital, you have a domestic emergency). Requests for an extension must be made before the deadline day.
- If you make a claim before your deadline day, or if you do not claim before your deadline day but do so within a month of that day (known as your **final deadline**),

you will be treated as having made a **qualifying claim** and transitional protection may apply if relevant.

- Your legacy benefit entitlement ends on the day that you claim Universal Credit, or on the day before your deadline day if you do not make a claim before that date. You will get a **two-week run on** of Income Support, income-related Employment and Support Allowance, income-based Jobseeker's Allowance and Housing Benefit whether or not you make a claim for Universal Credit, provided that you would have remained entitled. These payments do not count as income for Universal Credit. There are no run-on payments of tax credits. Housing Benefit paid in respect of specified or temporary accommodation does not end.
- If you make a qualifying claim before your deadline day, your Universal Credit award starts on the day that you make a claim. If you make a claim after your deadline day but before your final deadline day, your Universal Credit award starts on your deadline day.

Clara receives a migration notice, which has a deadline day of 1 August. She is anxious about making a claim for Universal Credit and puts it off until 15 August. As she has claimed after her deadline day but before her final deadline (1 September), she is treated as having made a qualifying claim. Her legacy benefit entitlement ends on the day before her deadline day even though she hadn't claimed Universal Credit at that point, however her Universal Credit award will start from the deadline day. She will receive a two-week run on of her legacy benefits (not including tax credits).

Ajay receives a migration notice, which has a deadline day of 10 August. He makes a claim for Universal Credit on 1 November. As he has claimed after both the deadline day and the final deadline day (10 September), he is not treated as having made a qualifying claim and the transitional protection and transitional element will not apply to his claim. Max will lose entitlement to legacy benefits from the day before the deadline day but will get a two-week run on (not including tax credits).

Transitional protection

The entitlement conditions, rules and amounts for Universal Credit and legacy benefits are different. Due to this, some provisions have been made to allow entitlement to Universal Credit where the normal rules would prevent it, and to ensure that the amount payable is initially protected.

Transitional protection includes:

- transitional capital disregard
- transitional element
- protection for students.

Transitional capital disregard

If you are a tax credit claimant and have over £16,000 in capital at the point of migration, any amount over £16,000 is ignored for up to **12 assessment periods**. This is called the **transitional capital disregard.** It has been put in place because tax credits do not have a capital limit, whereas Universal Credit has a capital limit of £16,000.

- Capital between £6,000 and £16,000 will still produce a yield income, including in your indicative Universal Credit calculation.
- If you claimed tax credits as a couple and claim Universal Credit as a single person, a transitional capital disregard can apply to each single claim.
- At the end of the 12 assessment periods, the normal capital rules apply. If capital is still above £16,000, entitlement to Universal Credit will end.

See 'When could transitional protection end' below for circumstances in which a transitional capital disregard can end before the end of the 12-month period.

Transitional element

A transitional element can be included in your Universal Credit calculation if you move to Universal Credit through managed migration and you would be worse off as a result.

Note: If you naturally migrate before receiving a migration notice, for example after a change of circumstances, no transitional element can be included. A **transitional severe disability premium element** may be included if you were entitled to the severe disability premium. For those entitled to the transitional severe disability premium element, there may be additional amounts payable if you were also entitled to a different disability premium/element. See the additional factsheet on our website. The transitional severe disability premium element is not included in managed migration claims.

Who cannot get a transitional element?

Even if you are moving under the managed migration process, you will not be entitled to a transitional element if:

- you were claiming legacy benefits as part of a couple but claim Universal Credit as a single person; or
- you were claiming legacy benefits as a single person but you claim Universal Credit as a couple; or
- you were claiming legacy benefits as a couple and claim Universal Credit as part of a different couple; or
- you fail to make a qualifying claim to Universal Credit – eg. you don't claim on time, or you fail to attend an appointment or submit evidence; or
- you reclaim Universal Credit and are awarded it after being initially refused because you were not entitled (this might not apply if the reason your first claim was unsuccessful is because your earnings were too high and you reclaim within a specific time limit).

How much is the transitional element?

The point of the transitional element is to ensure that you are not worse off on Universal Credit at the point of claim than you were on legacy benefits. To work this out, the DWP will compare your **total legacy amount** to your **indicative Universal**

Credit amount. If the total legacy amount is higher, you will be paid the difference as a transitional element.

Total legacy amount: sum of the monthly rates of all awards of legacy benefits to which a claimant or joint claimants are entitled to on migration day (subject to the Benefit Cap where relevant). Housing Benefit for specified or temporary accommodation is not included.

Indicative Universal Credit amount: the amount which a claimant would be entitled to if an award of Universal Credit were calculated on the migration day (subject to the Benefit Cap where relevant).

The DWP are able to revise the total legacy amount and indicative Universal Credit amount at a later date, eg. due to the award of a qualifying benefit, official error or misrepresentation of fact.

The transitional element ensures that you do not experience an immediate reduction in income in your first monthly assessment period. After this, the transitional element is subject to erosion by any relevant increases in your Universal Credit elements. Relevant increases include the addition of new elements and increases to existing elements. It does not include the addition or increase to the childcare costs element.

If you receive the limited capability for work element and subsequently become entitled to the limited capability for work-related activity element, it is the difference between the two elements that is taken into account, not the full amount of the LCWRA element.

Once eroded to nil, the transitional element cannot be included again.

Protection for students

Claimants who are receiving education are not entitled to Universal Credit unless one of the education exceptions apply. If you are a student when you become a notified person, transitional rules allow you to make a claim for Universal Credit without having to meet one of the normal exceptions. This only applies while you continue to undertake the same course – if you leave or finish your current course and then begin another course, the protection will not apply to your new course.

If the Universal Credit award ends, protection can only apply to subsequent Universal Credit claims in situations where the transitional capital disregard or transitional element could be reapplied (see below).

When could transitional protection end?

Transitional protection will end in the following circumstances:

- Your earnings from work were at least the amount of the administrative earnings threshold when you claimed Universal Credit, but they have dropped below this level for three consecutive monthly assessment periods.
- You originally claimed Universal Credit as a couple but become single.
- You originally claimed Universal Credit as a single person but form a couple.
- Your Universal Credit award ends. You cannot get a transitional element or transitional capital disregard included in a subsequent award of Universal Credit unless your previous award ended due to your earnings increasing. If

your earnings drop and you reapply for Universal Credit, transitional protection will apply again if the new award of Universal Credit starts within three months of the previous award ending.
- For the transitional capital disregard only, your capital falls below £16,000. Even if your capital then rises to above £16,000 before 12 assessment period have passed, no further disregard will apply.

Fred has been through the managed migration process and has an award of Universal Credit which includes a transitional element. Although there was no increase in his income, in April 2024 his transitional element decreased. This was due to the rent increasing and the annual uprating of the elements in his Universal Credit award.

Addy receives Child Tax Credit and has £22,500 in savings. When she receives a migration notice from the DWP, she is told that despite having savings over the £16,000 limit, she can claim Universal Credit because of the transitional capital disregard. The capital between £6,000 and £16,000 is not ignored. She is treated as having £174 per month in yield income (£10,000 / £250 x £4.35), which is deducted pound for pound from her maximum Universal Credit entitlement and is included in her indicative Universal Credit calculation.

State Pension age tax credit claimants

Tax credits are not a working age benefit – they are also open to those who have reached State Pension age. As tax credits are ending from April 2025, the government have laid regulations which provide for the migration of State Pension age tax credit claimants to either Universal Credit or Pension Credit, depending on their circumstances.

Invited to claim Universal Credit

From July 2024, claimants receiving Working Tax Credit only or Working Tax Credit and Child Tax Credit will receive a migration notice, informing them that their tax credits will end and inviting them to claim Universal Credit.

Invited to claim Pension Credit

From July 2024, claimants receiving Child Tax Credit only, or those receiving either tax credit alongside Pension Credit, will receive a tax credits closure notice which will direct them to claim Pension Credit.

Transitional protection

For claimants migrating to Universal Credit, a transitional element will be considered in the normal way for qualifying claims.

For claimants migrating to Pension Credit, a new transitional additional amount will be introduced to ensure that claimants are not worse off at the point of claim.

The regulations make several changes to the normal rules for Universal Credit and Pension Credit which only apply to this group of claimants.

- The age rules for Universal Credit will be waived to allow State Pension age claims. The waiver can end (and Universal Credit terminated) in the same way that the transitional element can end (see above), if earnings fall below the minimum earnings threshold (see below), or if the claimant decides to claim Pension Credit.

- To align with Working Tax Credit, a minimum earnings threshold of 16 hours per week at national minimum wage will be introduced for Universal Credit. If earnings fall below this for 3 months after a grace period of 12 months, the Universal Credit claim will be terminated.
- State Pension age claimants will be exempt from the Benefit Cap, including when calculating the Universal Credit indicative amount for the purposes of the transitional element.
- Deferred private and State Pension income will be disregarded for 12 months for both Universal Credit and Pension Credit (or until claimed, if sooner).
- Deferring State Pension while in receipt of Universal Credit under these rules will not increase State Pension payable at a later date (unlike under Working Tax Credit, where a deferred State Pension increased in value).

Mixed-age couples

Separate regulations have also been issued regarding protected mixed-age couples in receipt of tax credits. Protected mixed-age couples are those who are entitled to an award of State Pension age Housing Benefit or Pension Credit despite not both being State Pension age.

Protected mixed-age couples in receipt of Working Tax Credit and Housing Benefit will be invited to claim Universal Credit. Separate provisions allow that after any Universal Credit claim has ended, protected mixed-age couples will be able to reclaim State Pension age Housing Benefit or Pension Credit. The regulations also allow that where a couple in this situation do not make a claim for Universal Credit, or make a claim but are not entitled, the protection remains that allows them to claim State Pension age Housing Benefit.

Frequently asked questions

When will I be contacted?

The government issued migration notices to most claimants who receive tax credits and no other legacy benefit by the end of 2023/24.

Those who receive tax credits alongside other legacy benefits, those who receive Income Support or income-based Jobseeker's Allowance and anyone with a Housing Benefit only claim will receive a migration notice by the end of 2024/25.

Claimants who receive income-related Employment and Support only or alongside Housing Benefit, will receive a migration notice by December 2025, however, they will start being sent out in September 2024.

The timescale and details change frequently and the current target date for completion is 2025.

> **Note:** Claimants may also receive a migration notice earlier if they come under a discovery phase.

Check the latest information at ucmove.campaign.gov.uk/

Is the transfer automatic?

No. You will need to make a claim for Universal Credit by a deadline set out in the letter that you receive. If you do not make a claim, you will not be entitled to Universal Credit and you will lose your legacy benefits. Any subsequent claim for Universal Credit that you make will not be covered by the managed migration rules and transitional protection and the transitional element rules will not apply (unless it is made before the final deadline date).

I don't want to claim Universal Credit, can I stay on legacy benefits?

If you have received a migration notice, your legacy benefits will end even if you do not claim Universal Credit.

How much Universal Credit will I get?

The amount of Universal Credit that you will receive is not a set amount and depends on your circumstances. You can use a benefits calculator to get an estimate of the amount you might get but remember that benefit calculators do not guarantee entitlement and are not an official claim. Most benefit calculators will not be able to calculate any transitional protection that you may receive.

How long will I have to wait for my first payment?

Universal Credit is paid monthly in arrears, within seven days of the end of your monthly assessment period. This means that you may have to wait at least five weeks before your first payment. If you are in financial need while you wait for your first payment, you may be able to get an advance payment. This is recovered from subsequent payments, usually over 24 months.

Glossary

Deadline day: The day by which a claim for Universal Credit must be made, which is at least three months after the day the migration notice is issued.

Final deadline: The day that would be the last day of the first assessment period in relation to an award commencing on the deadline day.

Indicative amount: The amount to which a claimant would be entitled if an award of Universal Credit were calculated by reference to the claimant's circumstances on the migration day.

Migration day: In relation to a qualifying claim, the day before the first day on which the claimant is entitled to Universal Credit in connection with that claim.

Notified person: A person who is entitled to an award of an existing benefit to whom a migration notice is issued.

Qualifying claim: A claim for Universal Credit by a single claimant who is a notified person or by joint claimants, both of whom are notified persons, where the claim is made on or before the final deadline.

Total legacy amount: The sum of the representative monthly rates of all awards of any existing benefits to which a claimant is, or joint claimants are, entitled on the migration day.