

Simple Guide to Universal Credit

Horsham Matters Resource Guide

What is Universal Credit?

Universal Credit (UC) is a means-tested benefit that helps with living costs for people on a low income or out of work. It is designed to support people who are unemployed, working but earning a low wage, self-employed, or unable to work due to a health condition. UC replaces several older benefits and combines them into a single monthly payment.

The amount you receive depends on your personal circumstances, including your income, savings, housing situation, and whether you have children, a disability, or caring responsibilities. Your payment is calculated monthly and can go up or down if your earnings or circumstances change.

You may be able to claim UC if you are:

- Out of work
- Working, including full-time, part-time or self-employed
- Unable to work due to a health condition

To make a claim, you must:

- Live in the UK
- Be aged 18 or over (some exceptions apply for 16-17 year olds)
- Be under State Pension age
- Have £16,000 or less in money, savings, and investments

To make a new claim for UC you can either:

- Submit a claim online: <https://www.gov.uk/universal-credit/how-to-claim>
- Call the Universal Credit Helpline: 0800 328 5644 (Mon-Fri 8am-6pm)
- Contact Help to Claim service: 0800 144 8 444 (Mon-Fri 8am-6pm)

Capital Rules:

Universal Credit is means-tested, which means your savings, investments, and capital can affect how much you get.

Capital includes:

- Money in savings accounts
- Stocks, shares, bonds
- Some property (other than your main home)
- Certain trusts

Capital does **not include**:

- Your home (main residence)
- Most pensions
- Personal possessions

Capital Limits

- **£6,000 or less:** No effect on UC.
- **£6,001 – £16,000:** Your UC payments are reduced. The government assumes your capital can generate income at a set rate (called “tariff income”), which is deducted from your UC.
- **Over £16,000:** You cannot get UC.

For capital between £6,001 and £16,000, the DWP assumes your capital generates **£4.35 per month for every £250** (or part of £250) over £6,000.

This assumed “tariff income” income is deducted from your UC.

Universal Credit Elements

Universal Credit is made up of different elements, which are added together to create your maximum award. The elements you receive depend on your personal circumstances. Not everyone will receive every element, and you are only awarded the elements that apply to your situation.

The elements that you could be awarded are:

Standard Allowance:

This is the basic amount everyone on UC receives. How much you receive depends on your age and whether you are single or in a couple.

Child Element:

If you have children, you may get extra money for each child. There are two main rules:

- The first two children are automatically included.

- From April 2026, the two-child limit will be lifted, so extra support can be claimed for additional children.

Child Disability Element:

If you care for a child who receives Disability Living Allowance (DLA) or Personal Independence Payment (PIP), you can get extra money in your Universal Credit. This is paid on top of your standard allowance and child element to help with the extra costs of caring for a disabled child.

There are two rates, a lower rate and a higher rate, depending on the level of the child's disability benefit.

Limited Capability for Work (LCW) Element:

If you have a health condition or disability that affects your ability to work, and the DWP believes you can prepare to return to work, you may receive extra support and tailored help to get ready for employment. However, if you are awarded the LCW element after April 2017, you will not receive an additional payment.

Limited Capability for Work and Work-Related Activity (LCWRA) Element:

If the DWP decides you have LCWRA, you do not have to work or take steps to prepare for work. You will receive an extra payment in your Universal Credit called the LCWRA element. The amount for new awards will be reducing in April 2026. Existing awards will not be affected by the new rate reduction.

Severe Disability Element:

From April 2026, those with severe, lifelong conditions or terminal illnesses will receive the original rate of LCWRA instead of the new lower rate. You will need to meet the 'special rules' for end-of-life criteria, or the 'severe conditions' criteria.

Carer Element:

If you care for someone at least 35 hours a week and they receive a qualifying disability benefit, you may get an extra payment even if you do not claim Carer's Allowance.

Important: You cannot be awarded the Carers Element and LCWRA together if you qualify for both, you will only be awarded one, whichever pays the highest amount, usually LCWRA.

Childcare Costs Element:

If you are working and pay for registered childcare, you may be able to get help with these costs through Universal Credit. You can claim back up to 85% of your childcare costs, up to a monthly maximum amount.

From April 2026 these limits are £1,071.09 for one child and £1,836.16 for two or more children.

To qualify, your childcare provider must be registered or approved, and you will need to report and provide evidence of the costs you pay.

Housing Element:

If you rent your home, UC can help with rent payments. The amount you receive depends on your rent, location, and household size.

Note: Any additional income received from renting a bedroom to a non-dependant lodger, (i.e., not your adult child or a partner) doesn't affect your UC award.

Work Allowances:

A work allowance is the amount of money you can earn before your UC starts to reduce with the taper rate. The allowance depends on your circumstances.

- **Higher work allowance:** This applies if you have dependent children or a limited capability for work and you do not receive help with housing costs.
- **Lower work allowance:** This applies if you have dependent children or a limited capability for work and you do receive help with housing costs.

What is the Taper Rate?

The taper rate is used to calculate how much your Universal Credit is reduced when you earn money during your assessment period.

- Your UC starts to reduce once your earnings go above your work allowance, but the taper rate can also apply even if you don't have a work allowance.
- For every extra pound you earn, your UC is reduced by 55p.
- This ensures that Universal Credit reduces gradually rather than stopping completely, so you always keep part of your earnings.

In short, the taper rate is the system the DWP uses to calculate UC deductions and make sure that as you earn more, your support decreases slowly rather than all at once.

What is the Assessment Period?

The assessment period is the one-month period Universal Credit uses to calculate your payment. It usually starts on the date you make your claim and runs for one calendar month.

During this time, the Department for Work and Pensions (DWP) look at your income, earnings, and any changes in your circumstances to work out how much Universal Credit you are entitled to for that month. You are usually informed how much you will receive 5 days before your payment date.

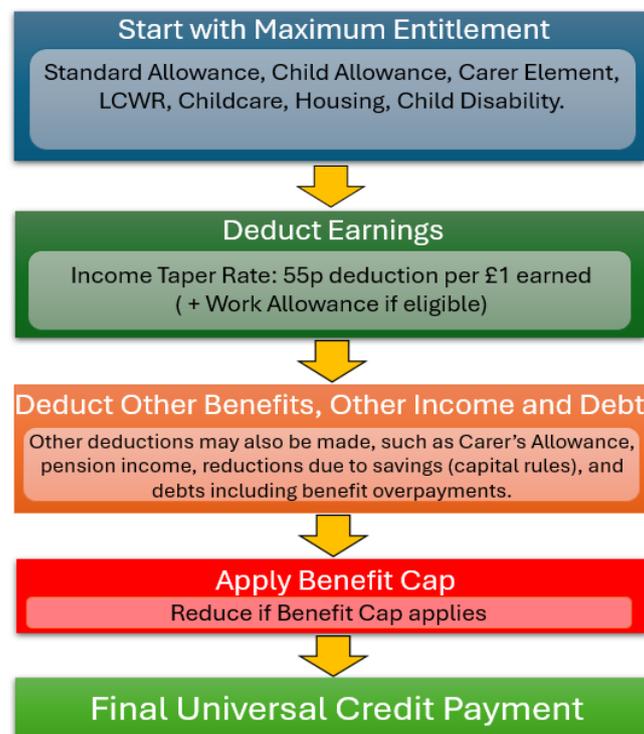
Your payment is then made about seven days after the assessment period ends.

A new assessment period begins straight away after the previous one ends, and this cycle continues for as long as you receive Universal Credit.

How is Universal Credit Awarded?

Once your maximum award is calculated, any income from work, certain other benefits, savings and investments, or debt repayments (such as overpayments) is included in the calculation to determine your final Universal Credit payment. In some cases, the Benefit Cap may further limit the total amount you receive.

Calculation Flow Chart:



Remember: If you need help with making a claim for Universal Credit, speak with a member of our support team at Horsham Matters for a referral to an advisor.

Call or WhatsApp: 0300 124 0204

Email: support@horshammatters.org.uk

Helpful Links:

Horsham Matters – Support: <https://www.horsham-matters.org.uk/get-help-now/>

Easy to read – GOV UK: <https://www.gov.uk/government/publications/easy-read-universal-credit>

Make a claim for UC, GOV UK: <https://www.gov.uk/universal-credit/how-to-claim>

UC current payment rates: <https://www.gov.uk/government/publications/benefit-and-pension-rates-2026-to-2027/proposed-benefit-and-pension-rates-2026-to-2027#universal-credit-uc-monthly-rates>

UC Capital Rules: <https://www.gov.uk/guidance/universal-credit-money-savings-and-investments>

WCA50 for WCA: <https://www.gov.uk/government/publications/wca50-form-capability-for-work-questionnaire>

Disability Rights UK: <https://www.disabilityrightsuk.org/resources/work-capability-assessment>

Benefits calculator: <https://www.entitledto.co.uk/>

Horsham District Council (HDC), Council Tax Support: <https://www.horsham.gov.uk/council-tax-and-benefits/council-tax/council-tax-support-discounts-and-exemptions>

WSSC Household Support: <https://www.westsussex.gov.uk/leisure-recreation-and-community/household-support-fund/>

Age UK, Horsham: <https://www.ageuk.org.uk/westsussex/brightonhove/activities-and-events/horsham-district/>

Carers Support West Sussex: <https://www.carerssupport.org.uk/>

Prevention Assessment Team: <https://www.sussexcommunity.nhs.uk/patients-and-visitors/services/prevention-assessment-team>

