

Benefits Bulletin

Managed Migration: The Universal Credit Amount

14th February 2024

Issue **3** [2024]

1. Introduction

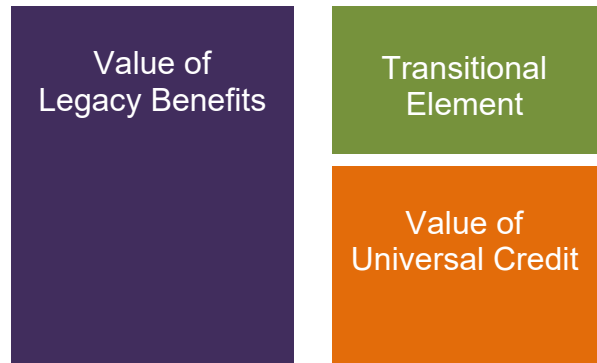
1.1: In [Benefits Bulletin 1 \[2024\] Managed Migration](#) (dated 25th January 2024) and before that [Benefits Bulletin 6 \[2023\] Managed Migration](#) (dated 18th September 2023), we have brought news of the further expansion of Universal Credit which will involve those who remain on 'legacy benefits' making the move on to Universal Credit.

1.2: We have reported how the process in Wolverhampton is due to start from **19th February 2024** (things being brought forward from the original date of 4th March 2024) with tax credit claimants before being applied to those getting other 'legacy benefits'.



1.3: The information in this Benefits Bulletin is dedicated to the way in which a person's entitlement to Universal Credit (including any 'transitional element' - a feature designed to buffer the move on to Universal Credit for those whose have enjoyed a greater amount in 'legacy benefits' than they would under the

Universal Credit system) is determined when making the move onto Universal Credit under 'managed migration'.



1.4: In this Benefits Bulletin we explain who is eligible for the 'transitional element'. We also seek to provide a guide to how it is calculated and what will erode the amount in payment or bring it to an end altogether.

The '**legacy benefits**' are Child Tax Credit (CTC), Working Tax Credit (WTC), Income-based Jobseeker's Allowance (JSA), Income-related Employment and Support Allowance (ESA), Income Support (IS) and Housing Benefit (HB).



1.5: The legislation and guidance that govern 'managed migration' and the calculation of a person's entitlement to Universal Credit once they have moved from 'legacy benefits' on to Universal Credit are covered in:

- the Universal Credit (Transitional Provisions) Regulations 2014 - Statutory Instrument 2014 No.1230 ([LINK](#)); and
- the guidance set out in ADM Chapter M7: Managed Migration and Transitional Protection ([LINK](#)).

1.6: However, following pressure from 'external stakeholders' who have raised concerns about potential gaps in the system / the absence of information surrounding particular facets of the assessment of Universal Credit entitlement for those moving on to Universal Credit under 'managed migration', the Department for Work and Pensions (DWP) have recently released further guidance (referred to herein as the 'DWP Guidance for Stakeholders') in an attempt to bring clarity to particular aspects of the system.



1.7: The information provided herein draws on information provided in both the regulations and the DWP's own guidance.

2. How Much Universal Credit?

2.1: Once a person has successfully applied for Universal Credit under 'managed migration' the actual amount of Universal Credit paid to them will be assessed by comparing their Maximum Universal Credit Amount against their Assessed Income Amount in the same way as Universal Credit is normally assessed.

Maximum Universal Credit Amount ----- Assessed Income Amount	=	Universal Credit Entitlement
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2.2: However, the difference in the case of those applying for Universal Credit under 'managed migration' is that the person may be entitled to have a 'transitional element' included in their Maximum Universal Credit Amount calculation.



2.3: Put simply, a person will be eligible to a 'transitional element' if it is assessed that the amount they received in 'legacy benefits' was greater than the amount they would ordinarily receive under Universal Credit.

3. Transitional Element...

3.1: A person will be eligible to be assessed for the 'transitional element' if they receive a 'migration notice' and make a 'qualifying claim' for Universal Credit on or before their 'final deadline'.

Regulation 48 Universal Credit
(Transitional Provisions) Regulations 2014
ADM M7300 / M7310

3.2: In the case of a couple a 'qualifying claim' means a 'joint claim' for Universal Credit has been made on or before their 'final deadline', in circumstances where both members of the couple have been issued with a 'migration notice'.

Regulation 48 Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7310

3.3: A 'migration notice' will confirm the date by which a person must make their application for Universal Credit. This is the, so called, 'deadline day'. This date should be at least **THREE MONTHS** from the day on which the 'migration notice' is issued.

Regulation 44(3) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230

3.4: If a person fails to apply for Universal Credit on or before the 'deadline day' then providing they apply for Universal Credit within one month of the 'deadline day' (the 'final deadline'), they may still have a 'transitional element' entitlement included in their overall Universal Credit assessment.

Regulation 46(3) and (4) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230

3.5: Once a person has made a 'qualifying claim' for Universal Credit the DWP must establish whether they are entitled to the 'transitional element' before deciding the amount of Universal Credit entitlement. This is because otherwise they may be awarded the wrong amount of Universal Credit.

Regulation 50(1) and (2) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7320 / 7321

3.6: The 'transitional element' is calculated by comparing the total amount of 'legacy benefits' (the 'Total Legacy Amount') against the total amount of Universal Credit (the 'Indicative Universal Credit Amount') the person may be entitled to.

Regulation 51(1) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7400

3.7: Where there is an entitlement to a 'transitional element' then it should be included in the calculation of a person's entitlement to Universal Credit as an additional amount that is included in the overall Maximum Amount of Universal Credit before any income deduction.

Regulation 51(2) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7410

3.8: The 'transitional element' will normally be the difference between the **Total Legacy Amount** and the **Indicative Universal Credit Amount**.



3.9: The **Total Legacy Amount** is the total value of the:

- Child Tax Credit / Working Tax Credit
- Income-based JSA / Income-related ESA / Universal Credit
- Housing Benefit

the person was receiving on 'migration day' - meaning the day before the first day on which the claimant is entitled to universal credit following a 'qualifying claim'.

Regulation 53(1) to (12) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7410 - M7451

Regulation 49 - Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7311

3.10: If the person was getting Housing Benefit and the award was reduced to 50p due to the Benefit Cap, then the Total Legacy Amount needs to be reduced by the difference by which the person's 'welfare benefits' (i.e. those benefits taken into account for Benefit Cap purposes) exceeded the Benefit Cap. If the person is affected by the Benefit Cap (i.e. not exempt) but was not previously getting any Housing Benefit, then the Total Legacy Amount needs to be reduced by the difference by which the level of their 'welfare benefits' exceeds the level of the Benefit Cap.

Regulation 53(11) and (12) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7460 - 7461

3.11: The **Indicative Universal Credit Amount** is the amount of Universal Credit the person would be entitled to on 'migration day' - meaning the day before the first day on which the claimant is entitled to Universal Credit following a 'qualifying claim'.

Regulation 54(1) and (2) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7460 - 7470

3.12: In calculating the amount of Universal Credit, the person would be entitled to on 'migration day', the following details should be considered / taken into account:

A. If the person was entitled to Child Tax Credit for a child or young person, then the Indicative Universal Credit Amount should include an award for that child / young person.

Regulation 54(2)(a) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7471

B. If the person was entitled to Working Tax Credit that included the 'childcare element', then the Indicative Universal Credit Amount should include the 'childcare element'.

Regulation 54(2)(b) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7472 - M7473

C. If the person (and/or their partner) works, then the level of the Indicative Universal Credit Amount should take into account the level of their earned income / trading income, as taken into account for the purposes of their 'legacy benefits'.

D. If the person received tax credits, then the amount taken into account as their earned income / trading income will be the amount used to calculate their tax credit less tax and National Insurance.

Regulation 54(2)(c) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7474

3.13: If a person feels that the DWP have used the wrong income figures (including the wrong earned income / trading income figures used by HMRC), then they can ask for a 'mandatory reconsideration' against the amount of Universal Credit that is awarded to them.

DWP Guidance for Stakeholders



3.14: If a person (or their partner) is getting New Style ESA / Contributory ESA (or have a 'credits only' claim) then any applicable LCW or LCWRA should be included in the Indicative Universal Credit Amount.

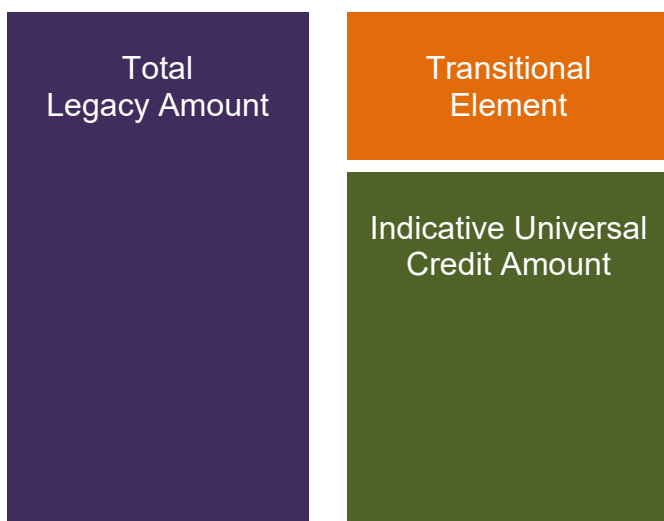
DWP Guidance for Stakeholders

3.15: If a person (or their partner) submit that they are a carer on their Universal Credit claim, then the Carer Element should be included in the Indicative Universal Credit Amount even if they are not receiving Carer's Allowance.

DWP Guidance for Stakeholders

3.16: If the level of the claimant's income / earnings or capital on 'migration day' means that they would not be entitled to Universal Credit then the amount used for the Indicative Universal Credit Amount should be £nil.

Regulation 54(3) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7475

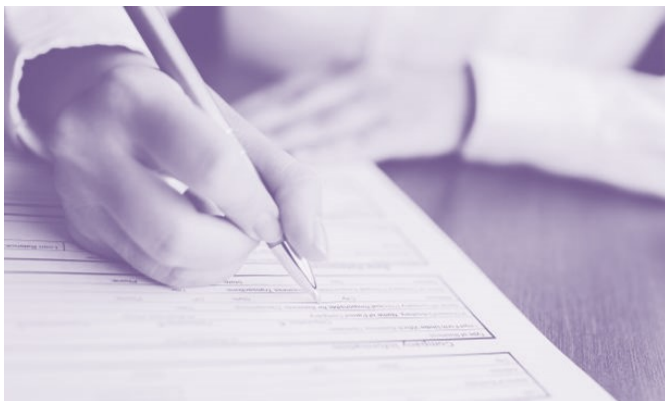


3.17: As a rule, a person should qualify for the **Transitional Element** if the level of the **Total Legacy Amount** is greater than the level of the **Indicative Universal Credit Amount**.

3.18: The amount of the **Transitional Element** should, in essence, be the difference between the **Total Legacy Amount** and the **Indicative Universal Credit Amount** but there are some quirks to the assessment process which mean that in some cases a different outcome is possible.

Regulation 52(1) and Regulation 55(1) Universal Credit
(Transitional Provisions) Regulations 2014 -
Statutory Instrument 2014 No.1230
ADM M7400 / M7503

We have produced a [Managed Migration: Transitional Element Calculation Sheet](#) which is designed to guide people through the different stages of the 'transitional element' calculation for those who are moving from 'legacy benefit' on to Universal Credit under 'managed migration' (NOT 'natural migration'). Please be advised that this is intended to be a guide for and use by experienced advisers.



3.19: Where there is an award of benefit (or an increased amount of benefit awarded) upon appeal or a mandatory reconsideration (or where there has been a backdated claim) which goes back to a person's 'migration day', and this would have had a bearing on the 'transitional element' calculation then the historic decision made on the 'transitional element' may be revised and any Universal Credit arrears owed as a result paid.

DWP Guidance for Stakeholders

3.20: If a person thinks that they are being underpaid because the 'transitional element' has been incorrectly assessed, then the matter may be 'queried' and a 'review' undertaken and any arrears due in consequence, be paid.

DWP Guidance for Stakeholders

4. Transitional Element - Will Reduce / End...

4.1: The 'transitional element' will be reduced / eroded by any incremental increase in the level of a person's Universal Credit standard allowance or elements. The 'transitional element' would also be reduced should a person become entitled to a new element (e.g. the 'carer element' because the person becomes a carer).

4.2: However, these principles would not apply should a person become eligible to the 'Childcare Element' or should there be an increase in the level of any 'Childcare Element' that they already receive.

4.3: If a person is already getting the 'limited capability for work element' and then becomes eligible to the 'limited capability for work and work-related activity element', then the amount of their 'transitional element' will be reduced by the difference between the two sums.

Regulation 55(1) to (6) Universal Credit (Transitional Provisions)
Regulations 2014 - Statutory Instrument 2014 No.1230
ADM M7530 - 7559

Please see [Benefits Bulletin 6 \[2023\] Managed Migration](#) (dated 18th September 2023) and [ADM Chapter M7: Managed Migration and Transitional Protection](#) for more information.

The DWP have stated that the 'transitional element' is not intended to provide indefinite financial protection. If it were, then this would lead to inequality and undermine the principle that Universal Credit claimants with identical circumstances should receive the same amount in Universal Credit entitlement.

DWP Guidance for Stakeholders

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