

Universal Credit (April 2025-26)

Step 1: CHECK CAPITAL

Upper Limit: £16,000. Ignore capital under £6,000. **Tariff income** applies to capital in between. Some capital is ignored.

Step 2: MAXIMUM UC

A. Standard amount:

Single	per month
aged under 25	£316.98
aged 25 and over	£400.14

Joint claims:

if both aged under 25	£497.55
If one or both aged 25 or over	£628.10

B. Child elements:

first/oldest child/QYP ¹	£339.00
¹ only if born before 06.04.2017	
each subsequent child/QYP ²	£292.81
² subject to "Two-Child Policy" for children born after 06.04.17	
addition for child disability:	
lower (if any rate DLA / CDP or PIP / ADP)	£158.76
higher rate	£495.87 ³
³ if DLA/CDP Care highest or PIP/ADP Daily Living enhanced	

Childcare Costs: actual childcare costs
take 85% of actual costs - i.e. x 0.85

equals **childcare costs element**⁴

⁴ up to max £1,032.88 for one child; £1,768.94 for 2+

C. Other adult UC Elements:

carer's - per qualifying adult ⁵	£201.68
limited capability for work ^{5, 6 & 7}	£158.76
LC for work related activity ^{5 & 6}	£423.27
⁵ only the highest of carers / LC for same person	
⁶ only one LCW / LCWRA element per couple	
⁷ not payable on new claims after April 2017	

housing costs element - if any

- eligible rent (LHA / bedroom tax apply)
 - service charges/ground rent /crown tenants
- NB: **Support with Mortgage Interest** now via separate loan

less any **ineligible service charges**

less any **housing costs contribution (s)**

rent only - £93.02 pcm per non-dep. but **not** if:

- **none if tenant** gets: AA, PIP/ADP Daily Living (either rate) or DLA Care (middle or highest rate)
- **per Non-Dep.:** under 21, resp. for child u5, on: PC, DLA/ Care(middle/highest), PIP/ADP Daily Living, AA or CA/CSP

equals **housing costs element**

transitional element - if TP applies

- **full TE:** "managed migration" **only:** legacy—UC indicative
- **SDP TE:** fixed rates: £143.37 (if LCWRA), £340.50 (if not), £483.88 (couples) **Additions:** EDP - £91.15 / £130.22, DCP - £192.07; DP - £186.64 / £266.94
(NB any TE erodes over time— check current level)

equals **Maximum Amount**

less **Total Income** (from step 3)

Universal Credit due

before any transitional element OR deductions for e.g. third party payments, repaying advances, sanctions, benefits cap

Step 3: INCOME

A. Earned Income:

Gross earnings in that assessment period **less:** work expenses, income tax, National Insurance and all of any pension contributions

claimant's monthly earnings
partner's monthly earnings
statutory payments (e.g. SSP, SMP, SAP, SSPP)
surplus earnings.....

Total earnings

less any **Work Allowance**

Category	If HC ⁸	No HC
no children nor limited capability	£0	£0
with children or limited capability	£411	£673

⁸ lower Work Allowances apply if any housing costs element

equals **Net Earnings (after WA)**

take 55 % of this figure - i.e. x 0.55

x 0.55

equals **A. Earned Income (for UC)**

B. Unearned Income

NB. Convert into monthly amounts e.g. multiply by 52, 13, 26 as appropriate for annual then divide by 52

Benefits:

Count any of the following benefits⁹:

- Contribution-based JSA, Contributory ESA
- Bereavement and Widows payments
- Retirement Pension
- Industrial Injuries Payments
- Maternity Allowance (NB SMP treated as earnings)
- Incapacity Benefit /SDA
- Carer's Allowance

⁹ all other benefits (e.g. AA, DLA/CDP, PIP/ADP, Child Benefit, CA Supplement, Scottish Child Payment) **ignored**.

Tariff income from capital:

£4.35 per £250 between £6,000 and £16,000

Other unearned income:

Ignore all payments: in kind, fostering, s17 & s24, loan protection, all voluntary / charitable payments

Ignore all child maintenance

Count in full:

- occupational or works pension
- spousal maintenance
- student grants or loans (after disregards)
- any other taxable income:

equals **B. Unearned Income**

A + B equals **Total Income**