Universal Credit Glossary of Terms Appendix 3

Universal Credit - Universal Credit is a means tested single benefit payment for working-age people who are looking for work or on a low income. It was introduced in 2013 to simplify welfare payments, replacing six “legacy” benefits and tax credits into one single monthly payment:

- Housing Benefit;
- Income-Related Employment and Support Allowance;
- Income-Based Job Seekers Allowance;
- Child Tax Credit;
- Working Tax Credit;
- Income Support.

Standard Allowance – the set amount, depending on age and personal status.

2025/26 Rates

Personal Circumstances	Monthly Amount
Single and under 25	£316.98
Single and 25 and over	£400.14
Living with partner and both under 25	£497.55
Living with partner and one or both over 25	£628.10

Housing Element – the amount that’s paid to help households that have a rent liability.

For tenants that rent from a private landlord the amount is based on the Local Housing Allowance rate for the South Devon area. The amount paid is determined by age and household composition.

For tenants that rent from a housing association (social landlord), the payment is based on the actual rent.

Carer Allowance – this is added to the maximum amount of Universal Credit where the applicant has regular and substantial caring responsibilities. This means that the person meets the entitlement conditions for carer’s allowance including caring for at least 35 hours a week. It also includes a person who would be entitled to carer’s allowance, but their earnings are too high. There is no requirement to actually claim carer’s allowance.

Limited Work Capability - the amount paid if the applicant has a limited capability for work and has a work-related activity.

Work-related activities include:

- phoning work coach
- creating and maintaining an online profile
- improving job seeking skills
- registering with an employment agency
- searching for jobs
- applying for jobs
- obtaining references
- taking part in training courses

Child Element – this is included where the applicant is responsible for a child or qualifying young person and live with them. The child element continues until the first September following the 16th birthday, or if in full-time non-advanced education or approved training, until the first September after the 19th birthday.

There are two separate rates for the child element, one for the first or only child and then a reduced rate for second and subsequent children. From 6 April 2017, the higher first child amount is only available for a child or qualifying young person is born before 6 April 2017.

From 6 April 2017 the child element is subject to the two-child limit policy. The current rules limit the child element to two children. The general rule is that third and subsequent children born on or after 6 April 2017 will only qualify if an exception applies to them. For children born before 6 April 2017, a child element will be included.

Disabled Child Element – in addition to the child element, the disabled child element is paid where a child or children have a disability. There are two rates, that are dependent on the type of disability benefits that are in payment.

Transitional Protection – for households that move from legacy benefits to Universal Credit by DWP under the formal managed migration exercise will receive transitional protection where they have no change of circumstances and their new UC award, at the point they are moved, is lower than their former legacy benefits.

Work Allowance (Earned Income) – the amount households with children and/or with limited capability for work are allowed to earn before Universal Credit is reduced. This amount is increased annually in line with inflation (September's CPI).

If a housing element is included in the Universal Credit payment, the household will receive a lower work allowance. This is also the case for households entitled to Universal Credit and also receives housing benefit for temporary accommodation.

2025/26 Rates

Household Circumstances	Monthly Rate
Housing element included	£411.00
Housing element not included	£684.00

Taper (Earned Income) - The taper is the rate at which maximum Universal Credit is reduced by earnings. Maximum Universal Credit is reduced by 55 per cent of net earnings above the work allowance. For households that are not eligible for a Work Allowance, the maximum Universal Credit is reduced by 55 per cent of the net earnings.

Disregard (Earned Income) – this is applied if the applicant and/or partner is in full or part-time employment.

2025/26 Rates

Household Circumstances	Weekly Rate	Monthly Rate
Single	£5.00	£21.67
Single Parent	£25.00	£108.33
Couple	£10.00	£43.33
Disability	£20.00	£86.67