



Universal Credit in Northern Ireland:

A Law Centre NI Guide for Advisers

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1 Introduction

Described as potentially the biggest change to the welfare system since its inception in the 1940s, Universal Credit is part of the Government's programme of welfare reform. Universal Credit replaces a number of existing benefits and tax credits so that claimants will now, whether in work or out of work, claim one central means-tested benefit.

The Northern Ireland (Welfare Reform) Act 2015 introduced a range of changes to the benefits system in Northern Ireland.

2 Aims of Guide

This guide aims to ensure that advisers have an understanding of the changes brought in by the introduction of Universal Credit (UC) and will be able to advise claimants on entitlement and assist them in making claims.

This adviser guide contains information on:

- Which benefits are being abolished and replaced by UC;
- The basic entitlement conditions for UC;
- The importance of the monthly assessment period and the change to monthly payment of benefit;
- The various elements that make up an award of UC; and
- The assessment of income and the application of the taper and work allowances.

UC also sees the introduction of increased conditionality and the sanctions that may be imposed for failure to comply. Advisers are encouraged to consult "[Understanding, Avoiding and Challenging Sanctions: an Adviser Guide](#)" for support and guidance on managing conditionality and sanctions.

3 Broad Overview of Universal Credit

UC is a single means-tested benefit for people of working age who are either not working or are in low-paid work. It is non-contributory and non-taxable. UC can be claimed if: a claimant is looking for work; unable to work due to illness or disability; is working and is on a low income; or is a lone parent or is a carer. UC can be claimed to cover the needs of a single person, or those of a partner and/or children if the claimant is a family.

3.1 Notable Changes Brought by Universal Credit

Changes brought by the introduction of UC are:

- Change from weekly to twice monthly payment;
- Claims to be made online and a greater reliance will be placed on online and electronic methods of communication;
- Awards to be made up of personal allowances, plus additional amounts for children, child care costs, 'limited capability for work', caring responsibilities and housing costs (rent or mortgage interest);
- Introduction of Work Allowances and a single taper of 63% to earnings;
- Introduction of the "claimant commitment" and greater conditionality and sanctions; and
- Administration and payment by one agency via online accounts, with automated calculation and notification of awards, and adjustments for earnings via 'real-time' data transfer from the HMRC's PAYE system.

4 Timetable of Introduction


UC was introduced in Northern Ireland on a phased geographical basis from 27 September 2017 to December 2018, as outlined in the following table.

Date Universal Credit will start	Jobs & Benefits / Social Security office
27 September 2017	Limavady
15 November 2017	Ballymoney
13 December 2017	Magherafelt and Coleraine
17 January 2018	Strabane and Lisnagelvin
7 February 2018	Foyle and Armagh
21 February 2018	Omagh and Enniskillen
7 March 2018	Dungannon and Portadown
16 May 2018	Newry and Downpatrick
30 May 2018	Lurgan, Newcastle and Kilkeel
13 June 2018	Falls and Shankill
27 June 2018	Andersonstown and Banbridge
5 September 2018	Holywood Road and Ballynahinch
19 September 2018	Newtownabbey and Newtownards
3 October 2018	Shaftesbury Square and Carrickfergus
17 October 2018	Knockbreda and Bangor
31 October 2018	Lisburn and Larne
14 November 2018	North Belfast and Cookstown
5 December 2018	Ballymena and Antrim

4.1 Natural Migration onto Universal Credit

Natural Migration is the process by which claimants move off legacy benefits (the benefits which UC replaces) and onto UC. Once a claimant moves onto UC, their legacy benefits stop and they cannot move back onto legacy benefits.

Natural Migration occurs when a claimant in receipt of legacy benefits has a relevant change in circumstances which causes their legacy benefit claim to end as they no longer meet the eligibility and entitlement criteria. If the claimant proceeds to make a UC claim, this causes entitlement to all other legacy benefits to terminate.



Only changes of circumstances which would, prior to Universal Credit, have prompted you to make a new claim for another legacy benefit can result in natural migration onto Universal Credit. Changes of circumstances which only affect the amount of legacy benefit(s) you are getting and which would not have required you to claim a different legacy benefit to get more help will not result in migration onto Universal Credit.

4.2 Severe Disability Premium Gateway Condition

On 16 January 2019 claimants of legacy benefits entitled to the Severe Disability Premium (SDP), or who had been entitled to it in the last month, are prevented from making a new claim for UC, meaning the claimant is prevented from naturally migrating to UC. This also applies to 'joint claimants' where one is or has been entitled to the premium. As the claimant is prevented from making a claim for UC by these rules, the claimant is able to make a new claim for legacy benefits or tax credits.

This rule only extends to natural migration: claimants in receipt of a SDP will eventually be included in the managed migration process.

The 'SDP gateway' applies only from 16 January 2019. For claimants who naturally migrated to UC before that date and had been entitled to the SDP, it is planned that there will be a 'transitional SDP amount'. This is an extra monthly amount of UC, paid at a fixed rate. However, rules surrounding entitlement to this payment have not been confirmed.

4.3 Managed Migration onto Universal Credit

Managed Migration is the process for bringing those who have not experienced a relevant change in circumstances and are still receiving legacy benefits onto UC. This process has been delayed in Northern Ireland until November 2020, however there is a managed migration pilot taking place in Great Britain involving 10,000 claimants. The Department for Communities (DfC) have confirmed that no claimants in Northern Ireland will participate in this pilot.

4.4 Transitional Protection through Managed Migration

The Government had pledged that no-one will lose benefit when they are transferred onto UC from other means-tested benefits during the migration process. Transitional additions will be paid with UC to bring the award up to the level of benefit in payment

at the point of change. However, it is not yet clear what this transitional protection will involve or how it will operate as the regulations are in draft form.

There are no detailed regulations in place yet but it is expected that transitional payments will only be paid where the person is transferred from existing benefit payments onto an award of UC by managed migration.

They will also decrease as a person's entitlement to UC increases and will cease on prescribed changes of circumstances and on breaks in claims. There is no provision for linking to a previous benefit claim.

The changes in circumstances which will end transitional protection are:

- A person becomes part of a couple or ceases to be part of a couple;
- A person has a three month drop in earnings below the level expected under the "earnings threshold";
- A person stops work; or
- The UC award ends.

As the migration process includes those currently receiving Tax Credits (which has no capital limits), there is the possibility that some people will have an award of UC which consists solely of transitional payments.

5 Which Benefits will be Abolished?

UC replaces 6 benefits:



The following benefits will remain:

- Contribution-based Job Seekers Allowance;
- Contributory Employment Support Allowance. This will be limited to 52 weeks however (unless the person is in the support group) and the permitted work rules will be abolished;
- Attendance Allowance and Disability Living Allowance for children and those over state pension age with an existing award;
- Bereavement benefits;
- Maternity Allowance, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay;
- Carer's Allowance (although the intention is to reform this at some point in the future);
- Child Benefit and Guardian's Allowance;
- Industrial Injuries Disablement Benefit and War Pensions;
- State Retirement Pension and Pension Credit;
- Social Fund Maternity grants, Funeral Payments, Winter Fuel Payments and Cold Weather Payments; and
- Health benefits, free school meals, school clothing grants and other current 'passport benefits'.

6 Entitlement to Universal Credit

In order to be entitled to UC, a single claimant or a couple must satisfy the following:

- The basic conditions; and
- The financial conditions.

6.1 Basic Conditions of Entitlement

Claimants (single persons or couples, who must claim jointly) must:

- Be aged 18 or over and not reached the qualifying age for state pension credit;
- Be in Northern Ireland;
- Not be ‘receiving education’; and
- Accept a ‘claimant commitment.’

We will examine each of these requirements in more detail below. UC retains a substantial amount of the current benefit rules in relation to the above requirements.

6.1.1 Couples

A claimant ought to make a joint claim for UC if they are one of a couple. A “couple” for UC purposes, is defined in the same way as under the current benefit rules:

- A married couple or civil partners living in the same household; or
- An unmarried couple or same sex partners living together as if they were married or civil partners.

A couple must claim UC together and make a joint claim. However, a member of a couple can claim as a single person where:

- The other member of the couple is aged 16 or 17 and does not meet one of the criteria which would allow someone of that age to be entitled to UC;
- The other member of the couple is not “in Northern Ireland”;
- The other member of the couple is a prisoner;
- The other member of the couple is in a category of persons who are not entitled to UC (for example, maintained by a religious order); or
- The other member of the couple is a person subject to immigration control.

In these circumstances, the income and capital of both partners is still taken into account in assessing entitlement.

Where one member of the couple is temporarily absent from the household, they cease to be treated as a couple if that absence is expected to exceed, or does exceed, six months.

Unlike the current arrangements for Tax Credits where a couple separate or where two single persons become a couple, it will not be necessary for a separate claim to be made and instead it will be processed as a change in circumstances.

6.1.2 Aged 16 or 17

The general rule is that the persons claiming UC must be aged 18 or over. There are exceptions to this which allow 16 or 17 year olds to claim. The exceptions are the same as those which applied previously to Income Support/JSA and include:

- The claimant has limited capability for work;
- The claimant has a “fit note” and is waiting for a work capability assessment;
- The claimant has regular and substantial caring responsibilities for a severely disabled person;
- The claimant has responsibility for a child aged under 16;
- The claimant is pregnant (11 weeks or less before the baby is due) / had a baby in the last 15 weeks; or
- The claimant is without parental support.

6.1.3 Mixed Aged Couples

From 15 May 2019, where one member of the couple is over the qualifying age for Pension Credit and one is under, then the couple can only claim UC and will no longer be able to claim Pension Credit. Couples in this situation will only be able to claim Pension Credit when both members of the couple have reached Pension Credit qualifying age.

If one member of the couple is over 18 and the other is 16/17, the claimant will have to make a single claim unless one of the exceptions listed above applies.

6.1.4 ‘In Northern Ireland’

The requirement is that the person is “in Northern Ireland” when the claim is made and this requirement incorporates the existing habitual residence and right to reside tests.

If one member of the couple cannot satisfy the right to reside or habitual residence test, then the other member claims as a single person.

There are also provisions where a person is temporarily absent from Northern Ireland. Where the absence is not expected to exceed, and does not exceed, one month, it is ignored. This period can be extended by an additional month where the absence is because of the death of a spouse/partner/child or close relative. Absences of up to six months for medical treatment are also ignored. However, the claimant will be treated as single person if the absence of their partner is expected to exceed 6 months.

6.1.5 Not Receiving Education

The rules relating to receiving education and to students are very similar to the current rules. Full time students and qualifying young persons under 20 in non-advanced education will not be able to claim UC unless they come within certain exempt groups (for example when the person is a qualifying young person but is without parental support, is responsible for a child or is in receipt of Disability Living Allowance/Personal Independence Payment **and** has limited capability for work).

6.1.6 Claimant Commitment

All claimants must accept a claimant commitment and further details on this is covered in the [“Understanding, Avoiding and Challenging Sanctions: an Adviser Guide”](#).

If it is a joint claim, both members of the couple must sign a claimant commitment. There is no provision to claim as a single person if the other member does not sign. A person can be exempt from the need to sign if they lack the capacity to do so or if in exceptional cases, the Department for Communities (DfC) consider that it is unreasonable for the person to sign it.

6.2 Financial Conditions of Entitlement

UC is a means-tested benefit, payable to claimants whose income and capital is below prescribed levels.

6.2.1 Income

‘Income’ is defined in the regulations and closely mirrors the rules which currently apply to means-tested benefits.

The two main categories of income will be “earned income” and “unearned income”. Earned income will be reduced by Work Allowances (similar to earnings disregards) and a 63% taper (for every £1 of net earnings after the work allowance has been applied, only 63 pence is taken into account by UC.)

More details are provided on income in the section dealing with calculating UC entitlement.

6.2.2 Capital

The same rules that currently apply to means-tested benefits regarding capital will also apply to UC. However, there are no limits on the amount of capital a person can have for Child Tax Credit and Working Tax Credit. Those persons who were previously claiming tax credits and have capital over the limits for UC, will not be entitled to UC (they may have an award for a limited period made up of transitional payments).

In general, the capital rules mean:

- In the case of couples, joint capital will be assessed (capital belonging to a dependent child will be ignored);
- Claimants with capital in excess of £16,000 will be excluded from UC;
- Capital between £6,000 and £16,000 will be assumed to produce a ‘tariff income’ of £4.35 per month for every £250 or part of £250;
- Capital will include savings, shares, property and trusts but some capital will be disregarded including the property occupied by claimants as the main home, personal injury payments placed in trust funds; and
- Notional capital will be taken into account where a person has deliberately deprived her/himself of capital.

7 How to Claim

The majority of claimants will be expected to make UC claims online. However there is provision for claims to be made by telephone and face-to-face. UC is a single application process for all elements including payments for children and housing costs. The Social Security Agency (SSA) will be solely responsible for claims and payments.

7.1 Making an Online Claim

A claimant can make a claim online through their own electronic device. Alternatively each local jobcentre provide access to computers a claimant can use to submit a claim.

To make an online claim, each claimant will need to set up a UC account. To do this, they will need an email address. If a couple are the claimants each member of the couple will need to set up their own UC account. The first member of the couple who sets up an account will be sent a “linking code”. The second person needs this code to link both claims.

Once the claimant has set up their account they will be asked to verify the account. An account is verified by the claimant logging into their email account and clicking the link from the UC system.

The claimant will then have to make their claim for UC. A claimant will require personal biographical information, as well as, for example, information on their landlord, details of any person(s) who live with them, their childcare provider’s number and the linking code if their partner has already set up a UC account.

When a claimant logs into their UC account they will see a list of “to-dos” which need to be completed. These can be completed in any order but these are all the sections a claimant has to complete before their claim can be accepted. Once a claimant has finished all the “to-do’s”, the claimant will have to tick a declaration confirming that the information they have provided is accurate. Once this is done, the claim has been submitted, but they will still need to verify the claim before they receive any money.

7.2 Verifying Identity

Each claimant will need to prove or verify some of their claim, including their identity and housing costs. Some claimants will be able to verify their identity online through the www.gov.uk online system. However, if the online system will not accept a claimant’s ID they can verify their identity with their work coach. Types of accepted ID include a UK or EEA passport, residence permit or card, or national identity card.

A claimant will also be expected to attend an interview with their work coach at their local jobcentre. A claimant will need to organise this meeting within 7 days of making their online claim. If a claimant does not arrange a meeting in time their claim for UC may be cancelled and they will have to start the claiming process again.

A claimant may also need to bring a copy of their tenancy agreement, wage slips, a bank statement and proof of savings. A claimant should be told what documents are required after they have submitted their claim for UC. During this same meeting the work coach and claimant will agree upon the terms of the claimant commitment. It is crucial that claimants give their work coach as much information as possible about their personal life, health conditions and any difficulties they had when making the claim or difficulties they may have with maintaining the claim.

7.3 Making a Telephone Claim

There has been some acknowledgment that there will be a number of claimants who will be unable to use online services who will need to be offered alternative systems, which will predominately be available by telephone, or exceptionally through face-to-face services.

Claimants who may be able to make a telephone claim for UC include claimants without an appointee who:

- Cannot speak, read or write in English;
- Are blind;
- Are restricted from using the internet; or
- Have mental health issues that restrict them leaving their home.

Where a claimant makes a successful telephone claim for UC the UC Case Manager will set up an account for the claimant, record the data gathered, submit their claim and identify the claim as a phone claim on the UC system.

UC Case Managers will also be able to alter the date of claim, if necessary, as the DfC have acknowledged that there is a chance that due to claimant circumstances, they were not able to make the claim on the first date they contacted the service, e.g. they are unable to communicate in English.

Once registered as a phone claim, the claimant will not be able to manage or maintain their claim online. However, UC agents will update the claimant journal as and when required. The DfC advise this is because the claimant may at some point in the future gain online access and they would be entitled to view the full historic data relating to their claim.

7.4 Date of Claim

A claim to UC which is made online will be treated as made on the day it is received in the appropriate office. This should be the same day that the person completes the online form and submits the claim. This will also apply to claims made by telephone if the claim is properly completed on the date the person first makes contact to make a UC claim.

Where a person is unable to complete the online form and has requested assistance from the SSA (this can be in the form of a home visit or an appointment to meet one of their advisers), the date of claim will be the date that the person first made contact with the SSA to request assistance. A similar rule will apply if a person attempts to make a claim by telephone but the Department are unable to take the claim on that date.

If a claim is “defective”, then a person has one month from the date of notification that the claim is defective to remedy the defect to ensure that the original date the form was submitted is still treated as the date of claim. A “defective claim” is any claim which is not completed in accordance with the instructions. The month period can be extended if it is considered reasonable.

Example: Mick makes a claim to UC electronically on 1 July .The claim is defective because he does not provide details of the number of shares he has in Barclays Bank. The Decision Maker informs Mick of the defect on 5 July and gives him until 4 August to respond. Mick contacts the Department to say that he will not be able to provide the information by that date because Barclays cannot provide the information by then. The Decision Maker considers this reasonable and allows Mick a further 3 weeks to provide the information. Mick provides the information on 16 August. The date of claim for UC is 1 July.

7.5 Backdating a Claim for Universal Credit

A claim to UC can be backdated for a maximum of one month before the date of claim in limited circumstances if:

- The claimant was previously in receipt of another benefit, and notification of expiry of entitlement to that benefit was not sent to the claimant before the date on which entitlement expired;
- Because of a language, or learning, mental or physical disability, the claimant had not been able to make a claim via telephone, in person or via the home visit support;
- The claimant experienced a health condition that prevented them making a claim on the day they wished and supporting medical evidence for the relevant period is provided; or
- The claimant was unable to make a claim online due to system failure or planned system maintenance.

8 Decision Making

Decisions will be legally made by a Decision Maker (DM), but in practice, awards will be calculated by computer. It is unclear how much information claimants will be given about the breakdown of the various elements of an award. The final decision letter informing a person of their entitlement will be sent in writing.

8.1 Assessment Period

One new feature of UC will be the concept of an assessment period. The assessment period is a monthly period that begins on the first day of entitlement to UC.

For example, Joe claims UC on 7 July and a decision is made that he is entitled from that date. His assessment period will therefore run from 7 July to 6 August and for each month subsequently.

8.1.1 Assessment Period and Changes of Circumstances

The general rule is that a change of circumstances will take effect from the first day of the assessment period that the change occurred in. If the change in circumstances is advantageous to the claimant, then it takes effect from the first day of the assessment period in which the change is reported (unless the person can have the time for reporting extended which is only possible where it is reasonable and special circumstances existed so that it was not practicable to report the change of circumstances within the assessment period).

This can give rise to some advantages and disadvantages for claimants.

Example 1: Julie has a child one day before the end of her assessment period and her husband Michael reports it immediately. The child element is included in their UC for the whole month.

Example 2: Rachel's 16 year old daughter leaves her household one day before the assessment period ends. Rachel will lose the child element for the whole of the assessment period. If her daughter had waited one more day before she left, Rachel would have retained entitlement for that month.

Example 3: Mark moves into cheaper accommodation 4 weeks into his assessment period. He will receive a reduced amount of the housing costs element for the whole month. Again, if he had waited a few days, he would have been entitled to the full amount for the whole month.

Example 4: Harry claims UC on 7 July. On 3 August, Harry leaves Northern Ireland to live in America. Harry receives no UC at all despite having met all the criteria for that 4 week period.

8.1.2 Run-on after Death

Where the change in circumstances is that either one member of a couple, a child who was included in the claim or a disabled person that the claimant was caring for has

died, then the award of UC continues at the same rate for two assessment periods after the assessment period in which the death occurred.

8.1.3 Notifying Changes of Circumstances

There has always been an obligation on those in receipt of benefits to disclose certain material information which represents a change in their circumstances.

Under UC, changes in earnings will not be required to be disclosed as this will be done automatically via a real-time link between the HMRC and SSA for those on PAYE. Self employed claimants will have to disclose monthly earnings using an online tool.

Changes in circumstances are disclosed online through the online journal.

9 Payment

UC will be paid twice monthly in arrears as the default position in Northern Ireland. This is one of the NI specific mitigations. Payment will be made to the household (i.e. single claimants or couples) and will normally be made by direct credit transfer into a nominated bank account.

In the case of couples, this could be a joint account or one partner's account or two single accounts in certain circumstances. It will be for couples to decide themselves who should receive the payment. There is also the option of split payments to members of a couple. All split payments are manually processed by an agent within UC.

Payment of rent will be made directly to the landlord. The claimant can request this payment be made directly to them if they have a preference for the same. If the landlord is the Northern Ireland Housing Executive or a housing association then payments are automatically paid to them once a claim has been made. If the landlord is a private landlord all these payments are processed manually by an agent within UC.

There is some provision for altering the payment method and frequency and this is examined below.

9.1 Pay days

The first payment of UC must be made within 7 days of the end of the previous assessment period. The second payment must be made within 22 days of the end of the previous assessment period. UC will then be paid on the same dates every month and that pay day will remain the same for subsequent months.

This can give rise to some difficulties in the first month of claiming.

Example: Owen claims UC on 7 July. His first assessment period runs from 7 July until 6 August. His pay day will be 7 days after this, 13 August and will be the 13th of each month after that. Owen will receive no payment for approximately five weeks after making his claim.

9.2 Advance payments

There is provision within the UC scheme for advance payments / payments on account to be made where the person has claimed benefit but the claim has not yet been decided or has been decided but the person has not yet reached their pay day. This is similar to the current system for interim payments and crisis loans.

The payment on account is only payable where the person is in "financial need" and this is defined as there being a serious risk of damage to the health or safety of the claimant or any member of their family.

Payments on account will be recoverable within 52 weeks.

9.3 Contingency Fund

If in financial hardship a client may be able to get a grant from the Universal Credit Contingency Fund. This is a non-repayable grant. Once one grant has been paid, another grant cannot be paid for another 12 months. The UC Contingency Fund eligibility conditions are the same as the Discretionary Support eligibility conditions. An application can be made by contacting Discretionary Support.

If an award of discretionary support grant has been made in the last 12 months, then a client is excluded from receiving an award from the UC Contingency Fund in the same 12 month period.

9.4 Budgeting Advances

Budgeting Advances under UC are similar to social fund budgeting loans.

It is only available to claimants who have been in receipt of UC for at least six months and have earned less than £2600 (for single claimants) or £3600 (for joint claims) in the six months preceding the date of application for the Budgeting Advance.

It is not available if there is still any outstanding amount to be repaid from a previous Budgeting Advance.

The minimum amount is £100 and the maximum amounts are:

- For single claimant with no children - £348;
- For couple with no children - £464; and
- For couples with children or single parent - £812

Advances are discretionary.

9.5 Alternative payment Arrangements

There is provision in the UC scheme for Alternative Payment Arrangements to be put in place. In Northern Ireland, housing element payments will be made directly to landlords, mirroring the current situation with Housing Benefit.

The guidance is available here: <http://www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf>

Alternative Payment Arrangements are part of the Personal Budgeting Support. One part of Personal Budgeting Support is identifying claimants who may need budgeting advice and there is a range of options open to the DWP to refer someone for this kind of advice.

It is accepted there will be some claimants who need additional help in managing their finances and this is achieved through the Alternative Payment Arrangements. The options available here are:

- Possibility of making more frequent than twice monthly payments; or
- Splitting payment of an award between partners.

The options will be considered in that order as ensuring that rent is paid and therefore securing a person's home is seen as the most important aim.

Entitlement to Alternative Payment Arrangements can be considered at any time during the decision making process and also once a claimant is in receipt of benefit. A claimant can apply to be considered under this scheme but the DfC will also identify

those who may be suitable using existing information. There will be no right of appeal if it is decided not to put in place alternative arrangements for a claimant.

The table below sets out the factors that the DfC will consider when considering if a person is eligible for the Alternative Payment Arrangements:

Factors to consider for alternative payment arrangements
Tier One factors – Highly likely / probable need for alternative payment arrangements
Drug / alcohol and / or other addiction problems e.g. gambling
Learning difficulties including problems with literacy and/or numeracy
Severe / multiple debt problems
In Temporary and / or Supported accommodation
Homeless
Domestic violence / abuse
Mental Health Condition
Currently in rent arrears / threat of eviction / repossession
Claimant is young either a 16/17 year old and / or a Care leaver
Families with multiple and complex needs
Tier Two factors - Less likely / possible need for alternative payment arrangements
No bank account
Third party deductions in place (e.g. for fines, utility arrears etc)
Claimant is a Refugees / asylum seeker
History of rent arrears
Previously homeless and / or in supported accommodation
Other disability (e.g. physical disability, sensory impairment etc)
Claimant has just left prison
Claimant has just left hospital
Recently bereaved
Language skills (e.g. English not spoken as the 'first language').

Ex Service personnel
NEETs - Not in Education, Employment or Training

10 Calculating the Amount of Universal Credit

UC will be calculated by:

- Adding up the elements of UC to which a claimant is entitled to establish their “maximum amount”;
- Deducting unearned income; and
- Deducting 63% of net earnings remaining after Work Allowance.

The remainder (if any) will be the amount of UC in the assessment period.

UC will also be included in the ‘benefit cap’ which may limit the amount payable to claimants who are not in work.

11 Elements of Universal Credit

UC will be made up of amounts for:

- Standard Allowances for a single person or couple;
- Child Element – an amount for each child or qualifying young person for whom a claimant is responsible, with additions if they are disabled;
- Childcare Costs Element;
- Housing Costs Element, including rent and mortgage interest payments;
- Limited Capability for work and Limited Capability for Work-related Activity Elements; and
- Carer’s Element for claimants with ‘regular and substantial caring responsibilities for a severely disabled person.’

One substantial change is that there is no longer any additional amount for disability and receipt of DLA, AA or PIP will not entitle a person to an additional amount.

11.1 Table of Universal Credit Rates

UNIVERSAL CREDIT AMOUNTS 2019/2020	
ELEMENT	£ P/MONTH
Standard Allowance	
Single Person aged under 25	251.77
Single Person aged 25+	317.82
Couple both under 25	395.20
Couple one or both aged 25 or over	498.89
Child Element	
First Child (born prior to 6 April 2017)	277.08
First Child (born on or after 6 April 2017) / second child and subsequent child (where an exception or transitional provision applies)	231.67
Disabled Child Addition	
Lower Rate Addition	126.11
Higher Rate Addition	392.08
Limited Capability for Work	126.11
Limited Capability for Work-Related Activity	336.20
Carer Amount	160.20

Childcare Costs Amount	
Maximum of 1 child	646.35
Maximum for 2+ children	1108.04
Work Allowances	
Lower Amount	503.00
Higher Amount	287.00
Tariff Income Deduction	4.35
Housing Costs Contribution	73.89

11.2 Standard Allowances

The standard allowance is always included in a claimant's UC award. It is the basic amount to cover essential living costs for them, and their partner if they are making a joint claim. Lower amounts are paid if the claimant - and their partner if they are claiming jointly - are under the age of 25.

If the claimant's partner dies, the standard allowance for a joint claim can continue for the remainder of the monthly assessment period in which they died and for the following two assessment periods.

11.3 Child Element

There will be amounts for each child under 16 or 'qualifying young person' in full-time non-advanced education for whom a claimant is 'responsible'.

Responsibility for a child or young person is determined by the "normally living with" test, which is currently used in Child Tax Credit. If it is not possible to determine who the child normally lives with (such as in shared care cases) then the "main responsibility" test is used instead. As now, there will no provision for splitting payments of the child element where the care is shared on a 50/50 basis and the child element will only ever be paid to one person for that child. In practice it is often paid to the person receiving Child Benefit for the child although there is no requirement for this.

11.3.1 Two Cap Child

The two child cap limits the number of child elements which can be included in a claim for UC. A child element for a third or subsequent child can only be included if special circumstances exist or a transitional protection applies.

11.3.2 Special Circumstances

There are special circumstances where you will get a child element for a third or subsequent child or young person born on or after 6 April 2017. These include:

- Multiple births;
- Adopted children;

- Children living with family, friends or in non-parental caring arrangements; and
- Children likely to have been conceived from a non-consensual sexual act.

11.3.3 Two Child Cap from 1 February 2019

From February 2019, you will be able to claim UC if you have three or more children. Your payment will not include an extra amount for your third or subsequent child, regardless of when they were born, unless any of the special circumstances discussed below apply.

However, if you have three or more children, all born before 6 April 2017, and claim UC from February 2019, you will be entitled to transitional protection for the third or subsequent child if either:

- you were entitled to UC immediately before February 2019 (or you are in a six month period between awards) and you were responsible for the third child; or
- you were receiving a payment for the third child from one of the existing benefits in the six months before February 2019 and you are still responsible for the child

If you have a child/children born on or after 6 April 2017, you will only be paid the child element of UC if that child/children are the first and second born. If you have a third or subsequent child/children born on or after 6 April 2017, you will only be paid for that child if special circumstances apply.

11.3.4 Disabled Child Addition

An additional amount is payable for each child or qualifying young person who is disabled. The lower rate is paid if the child is entitled to DLA (middle rate care or below) or PIP (standard daily living) and does not qualify for the higher rate. The higher rate is paid if the child is entitled to the care component of DLA at the highest rate or the daily living component of PIP at the enhanced rate, or is registered as blind.

The disabled child addition is paid for a child or qualifying young person even if no child element is in payment.

11.4 Childcare Costs Element

The childcare costs element is similar in principle to that currently available under WTC.

Rules on what constitutes 'eligible childcare' and couple eligibility are the same as those in the current scheme. A couple will only be entitled to the childcare element where either both are working or one member is working and the other member is unable to provide childcare because s/he has limited capability for work, is a carer or is temporarily absent from the home.

One main change is that there is no longer a 'minimum hours of work' condition. As long as the person claiming is in paid work (or has an offer of paid work that starts before the end of the next assessment period) then there is potential entitlement to the childcare costs element.

Childcare costs will be paid at 85% of the total eligible amount up to a maximum amount listed in the table above.

Claimants are required to notify the SSA of their childcare costs on a monthly basis.

11.5 Housing Costs Element

Housing costs will be paid in respect of accommodation occupied as the home. These will cover liability for:

- Rent and similar payments;
- Mortgage interest payments on loans taken out to acquire an interest in property occupied as the home or secured on property; and
- Service charges.

Many of the current Housing Benefit rules have been imported into UC, including those relating to liability, contrived tenancies, occupation of the home and temporary absences, non-dependant deductions, the Local Housing Allowance rules for private sector tenants, and similar restrictions for claimants who are under-occupying social housing.

Some important differences between Housing Benefit and the Housing Costs Element of UC are discussed below.

11.5.1 Liability to Make Payments

The rules relating to a person's actual or treated liability to pay rent are similar to the current rules. However the rules on when a person is not treated as liable have been simplified. A person will now be treated as not liable to make rental payments (even if actually liable) where the liability is contrived to take advantage of the housing element scheme or where the liability is to a close relative who resides in the relevant property. The list of previous fact-based circumstances in which a person could be treated as not liable has not been replicated in UC.

11.5.2 Occupation of the Home

There is some provision for a person to be treated as occupying two homes similar as under the current rules.

There is now a general rule that a person who is temporarily absent from the home for a period exceeding 6 months will no longer be considered as occupying the home (this can be extended to 12 months in cases of fear of domestic violence). This is better than the current rule of 13 weeks but under the current rules it is possible to have an absence of up to 12 months in a wider range of circumstances which is no longer possible.

11.5.3 Private Tenants

The current rules relating to Local Housing Allowance (LHA), cap rent, size criteria, persons eligible for their own room and the shared room rate for single persons under 35 have all been retained within UC.

11.5.4 Social Tenants

Tenants renting in the social sector are also subject to restrictions based on size criteria. A person who has one excess bedroom will have their housing costs element reduced by 14% and a person with 2 or more excess bedrooms will have a 25% reduction.

11.5.5 Housing Cost Contributions

This is the new term for non-dependent deductions although the rules have been simplified. There is now a flat rate deduction per assessment period for each non-dependent.

No housing cost contribution applies if the renter is:

- A person who is registered as blind;
- A person in receipt of the care component of disability living allowance at the middle or highest rate;
- A person in receipt of attendance allowance; or
- A person in receipt of the daily living component of personal independence payment.

No housing cost contribution is applied to any non-dependent who is:

- A person who is under 21 years old;
- A person in receipt of state pension credit;
- A person in receipt of the care component of disability living allowance at the middle or highest rate;
- A person in receipt of attendance allowance;
- A person in receipt of the daily living component of personal independence payment;
- A person in receipt of carer's allowance;
- A person who is a prisoner; or
- A person who is responsible for a child under 5 years old.

11.5.6 Owner Occupiers

The housing cost element also includes help that would have previously been given under the mortgage interest provisions.

It will not be available to any UC claimants who get any earned income at all.

The waiting period for owner occupiers is 9 assessment periods (39 weeks) where the person would have been entitled to the housing cost element for those 3 months. If a person ceases to be entitled to the housing costs element for any assessment period, they must serve another 3 month waiting period before being entitled again. There does not appear to be any provision for linking previous entitlement.

The Government had initially indicated that help with housing costs for owner occupiers would be limited to 2 years but this provision has not appeared in the Regulations.

Help is limited to mortgages or loans up to £200,000.

11.5.7 Calculating the Housing Costs Element

The housing costs element is calculated as follows, depending on whether the person is a private tenant, a tenant in the social housing sector or an owner occupier with a mortgage.

It is not possible in these notes to cover all of the detailed rules on calculating the housing cost element. They are similar to the current rules for Housing Benefit and for calculating mortgage interest payments payable with means-tested benefits.

11.5.7.1 General Rules for Renters

A renter is entitled to one bedroom for each of the following categories of persons:

- The renter;
- A qualifying young person for whom the renter or either joint renter is responsible;
- A non-dependant who is not a child;
- Two children who are under 10 years old;
- Two children of the same sex; and
- Any other child.

It is also possible to have an additional room if the renter or her/his partner require regular overnight care and certain other conditions are met (the person requiring care receives DLA at the middle or higher rates, AA or daily living component of PIP and overnight care is actually provided by a person who does not normally live with the person).

It is also likely that a renter will be entitled to an additional room for a disabled child where there is evidence to suggest that the child requires her/his own room or where it is not appropriate for a sibling to share a room with the disabled child. The child must get the middle or highest rate of DLA care component.

A renter will be allowed an additional room, in certain circumstances, where the renter or his/her partner has a child placed with them for adoption or where they act as foster parent/s.

The number of bedrooms that a person is entitled to will determine the Local Housing Allowance for private tenants, or whether the house is under-occupied for social housing tenants.

Whilst the 'bedroom tax' is in effect in NI it is fully mitigated but this protection can be easily lost due to a change of circumstances (see 12.4.7.2 below).

It is not yet clear whether a person will be given the opportunity of disputing or appealing a decision that "suitable alternative accommodation" exists.

11.5.7.2 Discretionary Housing Support Scheme

The Discretionary Housing Support scheme will mitigate the impact of the bedroom tax by protecting existing and future tenants from any reduction in their Housing Benefit, unless there is a significant change in their personal circumstances or they are offered suitable accommodation.

This mitigation will apply until 31 March 2020 and will work as follows:

- Once the social size criteria restriction is introduced and the claimant residing in either a NIHE or Housing Association property is identified as under occupying that property, the amount of HB that has been made as payment will be reduced.

- However, the mitigation measures will ensure that claimants do not see any difference in the amount of financial assistance they receive to meet their housing costs.
- It will be only after that point that an offer of suitable alternative accommodation will be made and only when an appropriate-sized dwelling becomes available.

11.5.7.3 Calculating Amount for Private Renters

Step 1 – Determine the person’s “core rent” and “cap rent”. The lowest of these figures will be used.

Core rent is the amount the person is liable to pay in rent calculated on a monthly basis.

Cap rent is determined by reference to the amount under the LHA figures that the person is entitled to. The amounts for LHA are available on the NIHE website.

Step 2 – Deduct any necessary housing costs contributions.

The result is the person’s award of the housing costs element.

11.5.7.4 Calculating Amount for Renters of Social Housing

Step 1 – Determine the amount of the person’s rent payments on a monthly basis. Deductions may need to be made for the provision of certain commodities.

Step 2 – If the person is under-occupying the property, determine the reduction to be made and deduct the relevant amount.

If the person is under-occupying by one bedroom, the reduction is 14% of the amount determined in Step 1. If the person is under-occupying by two or more bedrooms, the reduction is 25% of the amount in Step 1.

Step 3 – Deduct any necessary housing costs contributions.

The result is the person’s amount of housing costs entitlement.

12.5.7.5 Calculating Amount for Owner-Occupiers

Two types of loan will qualify for the housing costs element for owner-occupiers.

“**Loan interest payments**” are payments of interest on a loan which is secured on the property which is occupied.

“**Alternative finance payments**” are payments made under finance arrangements to purchase an interest in the property which is occupied (mortgage payments).

Step 1 – If it is loan interest payment, then the amount used is the amount of capital remaining to be paid back under the loan.

If it is alternative finance payments, then the figure used is the original amount borrowed.

The maximum figure allowed is £200 000

Step 2 – Apply the current Standard Rate of interest (currently 2.61%) and divide by 12 to give a monthly figure.

The result is the person’s amount of housing costs entitlement.

11.6 LCW and LCWRA Elements

Part of the reform in UC is the abolition of the disability premiums. DLA and PIP will not entitle a person to an additional amount under UC (see below for those working and getting PIP or DLA however).

Instead a person may be entitled to a Limited Capability for Work (LCW) element or a Limited Capability for Work Related Activity (LCWRA) element.

These are paid on the basis of an assessment under the Work Capability Assessment currently used in ESA or if the person can be treated as having LCW or LCWRA.

The LCW and LCWRA element cannot be paid for 3 months from the date the person first provides a sick line from their GP. The 3 month waiting period does not apply if a person is terminally ill or is in receipt of contribution based ESA. In addition, if a person had a previous award of UC which ends because either they became a member of a couple or stopped being a member of a couple or if the award stopped in the previous six months because the person's income or capital was too high, then the 3 month waiting period does not have to be served again.

It is possible for a person to get a LCW or LCWRA element if in employment. The requirements are that the person is either working less than 16 hours per week or is in receipt of DLA, AA or PIP. It is still necessary to satisfy the WCA to be entitled to an element on this basis.

There is no provision for treating a person as having LCW pending appeal and no additional amount will be paid while a person is waiting for the appeal to be determined.

It will not be possible for a person to qualify for a LCW/LCWRA element and a Carer's element (see below) at the same time, although one partner in a couple will be able to get a LCW/LCWRA element and the other a Carer's element.

If both members of a couple have LCW or LCWRA, only one LCW/LCWRA element is paid, whichever the higher.

11.7 Carer's Element

A Carer's element will be payable if a claimant has 'substantial and regular caring responsibilities for a severely disabled person'.

The element is paid where the carer satisfies the conditions for entitlement to carer's allowance (whether the person is actually getting carer's allowance or not), or would be entitled to carer's allowance but for the earnings condition.

Both members of the couple can get a carer's element if they are caring for different people.

12 Calculation of Income

Once a person's maximum amount of UC is calculated (the standard allowance plus any elements a person is entitled to), the assessed income will then be deducted from that to leave the amount of entitlement to UC. Income is assessed on a monthly basis in line with the assessment period. The joint income of both members of a couple is taken into account. The income of children is ignored.

Income is assessed in a similar way to current means-tested benefits, although earned income is treated differently with more generous earnings disregards (Work Allowances) and the application of the 63% taper.

12.1 Earned Income

Earned income includes any income or profits from employment, paid work and self-employment.

12.1.1 Employed Earnings

'Employed earnings' is the amount a person receives in remuneration for their employment. The following benefits also count as employed earnings:

- Statutory sick pay;
- Statutory maternity pay;
- Ordinary statutory paternity pay;
- Additional statutory paternity pay; and
- Statutory adoption pay.

The figure used for UC purposes is the net earnings minus any contributions made towards an occupational pension. Once this figure is reached, the Work Allowance is applied and the 63% taper.

12.1.2 Self-Employed Earnings

Self-employed earnings are assessed on the basis of the gross profits of the business, trade etc in each assessment period, minus any Class 2 or 4 National Insurance contributions, income tax and contributions towards an occupational pension plus allowable expenses for self employed persons.

The regulations also require however, that where a self employed person's income is less than a certain limit, then they are assumed to have earnings at that limit. The limit is called the "minimum income floor" and for most people will be calculated as if the person was working for 35 hours per week at the National Minimum wage converted into a monthly figure (multiplied by 52 and divided by 12) with deductions made for what tax and NI contributions a person would have made on those earnings.

This rule will not apply if the self-employed person is in a start-up period. This is a period of 12 months where the person has begun to be self employed and can show they are taking steps to improve their income above the minimum income floor. It will also not apply if the self-employed person is subject to either no work-related requirement, work preparation requirement only or work focused interview requirement only (see below in the section on Conditionality and Sanctions).

12.2 Work Allowances

A work allowance is the term used by UC for what would formerly have been called earnings disregards in the legacy benefit scheme.

There are two work allowances available: a higher and lower amount. The higher work allowance is only available to those who do not have the housing costs element included in their claim. The lower work allowance applies to those who do have a housing cost element in their claim. To qualify, the claimant must be responsible for a child or be assessed as having limited capability for work.

Only one work allowance can be applied to a claim, whichever is the highest is applied.

12.3 63% Taper

Once earned income has been determined and the appropriate work allowance deducted, 63% of any remaining earned income is deducted from the person's maximum amount of UC.

12.4 Unearned Income

Unearned income is any other income a person or couple has that is not excluded. It includes the following benefits:

- Jobseeker's allowance;
- Employment and support allowance;
- Carer's allowance;
- Bereavement allowance;
- Widowed mother's allowance;
- Widowed parent's allowance;
- Widow's pension;
- Maternity allowance; and
- Industrial injuries benefit.

Student income, retirement and occupational pensions, spousal maintenance payments and tariff income from capital are also taken into account as unearned income.

DLA, PIP and Child Benefit will not count as income.

UC is reduced by £1 for every £1 of unearned income.

Any income from capital is also included. Capital below £6000 is ignored. Capital of between £6000 and £16000 attracts a tariff income. Clients with capital over £16000 are not entitled to UC.

13 Conditionality and Sanctions

Enhanced conditionality and an increased regime of sanctions is one of the key features of UC. As UC will be claimed by a wide range of persons in differing circumstances, the conditions placed upon them will vary according to the personal situation. These are broken down into 4 categories of work-related requirements:

- A work-focused interview requirement;
- A work preparation requirement;
- A work search requirement; and
- A work availability requirement.

Depending on a person's circumstances, they will fall within one of the following groups:

- No work-related requirements;
- Work-focused interview requirement only;
- Work-focused interview and work preparation requirements only; or
- All work-related requirements.

A record of the requirements a person has to undertake is recorded in their Claimant Commitment.

13.1 The Claimant Commitment

The 'claimant commitment' is central to the new conditionality regime. It is a record of a claimant's individual responsibilities in relation to an award of UC.

It will include details of the 'work-related requirements' the claimant has to undertake including, where appropriate, the details of his or her availability for work, work-search activity, work placements and courses, attendance at the local jobcentre plus office, and participation in work-focused interviews.

Acceptance of a claimant commitment (either online – the default requirement – or by telephone or in writing) will be a basic condition of entitlement to UC. Failure to agree a commitment will result in no benefit being paid. In the case of couples, both partners will have to accept an individual commitment.

The commitment will be changed if the claimant moves into a different conditionality group. Entitlement to benefit only arises if a claimant accepts the most up-to-date version.

Further information on the Claimant Commitment, conditionality and sanctions can be found in "[Understanding, Avoiding and Challenging Sanctions: an Adviser Guide](#)".

14 Overpayments

All overpayments of UC (i.e. payments in excess of entitlement) are recoverable. This is different to the current position where most benefit overpayments are only recoverable if they resulted from a claimant's misrepresentation or failure to disclose a material fact. Automatic recoverability models the tax credit rules which have caused enormous hardship and controversy. As is the position now with most benefits, actual recovery will remain discretionary.

Overpayments will be recovered by deductions from UC and other prescribed benefits. There is also power to make deductions from earnings and to pursue the overpayment through the courts.

15 Appeals

There will be a right of appeal to an independent tribunal against most UC entitlement decisions, including overpayment decisions (whether there has been an overpayment and the amount) and reductions for sanctions. There will no right of appeal, however, against a decision to recover an overpayment, or to impose work related requirements. A claimant must first apply for a revision of the decision through Mandatory Reconsideration before making an appeal to an independent tribunal.

There is no provision for payment pending an appeal (as is the current situation where someone is appealing a WCA decision). However, undisputed elements of UC should continue to be paid.

There will be no time limit for the SSA to make a decision on the revision application. There should however be a time limit in place for the SSA to respond to the appeal once the revision process is finalised.

16 Jargon Buster

Assessment Period	A period of one month upon which Universal Credit entitlement is based. Claimants are paid within 7 days and again within 22 days of the end of each assessment period.
Advance Payment	An advance of UC which can be paid if a claimant is in hardship while waiting for their first payment.
Capital	Includes savings, investments, certain lump-sum payments and property which is not the claimant's main home.
Claimant Commitment	A document detailing what a claimant must do while claiming UC, and the possible sanctions if they do not comply.
Conditionality	What claimants are required to do in return for payment of UC.
Contributory Benefit	A benefit for which entitlement is based on having paid the required national insurance contributions.
Discretionary Housing Payment	A payment which can be made by the Northern Ireland Housing Executive to top up UC when a claimant needs extra help with housing costs
Elements	Amounts for children, childcare, caring responsibilities, housing, and limited capability for work which make up part of a claimant's maximum UC award.
Limited capability for Work	A test to establish if a claimant's ability to work is limited by a health condition.
Limited capability for work-related activity	A test to establish if a claimant's ability to work and look for work is limited by a health condition.
Main Carer	The person in a couple who spends the most time looking after the children.
Managed Migration	The term used by the Department for Communities for the process of transferring claimants to UC.
Mandatory Reconsideration	The requirement to ask the Department for Communities look at a decision again before an appeal can be made.
Maximum Universal Credit	The amount of UC that someone is eligible for before income is taken into account. It is calculated by adding up all the applicable elements.
Means-tested Benefit	A benefit that is only paid if someone's income and capital are low enough.
Minimum Income Floor	The amount of income a self-employed person is assumed to have, calculated by multiplying the National Minimum Wage by the

	number of hours the claimant is expected to work.
Non-contributory Benefit	A benefit for which entitlement does not depend on having paid a certain amount of national insurance contributions.
Non-dependant	An adult, other than a partner, who lives with the person claiming benefit, for example a grown-up son or daughter.
Non-means-tested Benefit	A benefit that is paid regardless of the amount of someone's income or capital.
Passporting	A term used to describe when entitlement to a particular benefit allows access to other benefits or sources of help.
Qualifying age for pension credit	Linked to women's pension age, this is currently increasing. This equalised with men's pension age in 2018 and will reach 67 by 2028.
Real-time information	A system where employers send HMRC information about employee's earnings every time they are paid. This is then used by Department for Communities to adjust UC awards.
Severely disabled person	Used in the legislation to describe someone receiving a disability benefit, normally the daily living component of PIP, middle rate care or above of DLA or Attendance Allowance.
Standard Allowance	The basic amount of UC paid for a single adult or couple.
Taper	The rate at which a person's maximum UC will reduce as their earnings increase.
Transitional Protection	A top up payment paid to claimant's who are subject to Managed Migration.
Waiting Period	The time at the start of a benefit claim before payment, or payment of certain elements, can start.
Work Allowance	The amount of earnings a claimant can keep before their UC starts being reduced. The amount depends on personal circumstances.
Work Coach	An employee of the Department for Communities who will draw up claimant commitments, update them and check that claimants are meeting their work-related requirements.