
DRAFT STATUTORY INSTRUMENTS

2013 No.

The Universal Credit Regulations 2013

PART 1

INTRODUCTION

Citation and commencement

1. These Regulations may be cited as the Universal Credit Regulations 2013 and come into force on 29th April 2013.

Interpretation

2. In these Regulations—

“the Act” means the Welfare Reform Act 2012;

“additional statutory paternity pay” means additional statutory paternity pay under Part 12ZA of the Contributions and Benefits Act(1);

“attendance allowance” means—

- (a) an attendance allowance under section 64 of the Contributions and Benefits Act;
- (b) an increase of disablement pension under section 104 or 105 of that Act (increases where constant attendance needed and for exceptionally severe disablement);
- (c) a payment of industrial injuries benefit under regulations made under section 64(3)(a) of the Act in any case where the compensation or benefit to which a person was entitled immediately before the commencement of section 64 was—
 - (i) a payment in respect of the need for constant attendance under regulations made in accordance with section 111 of, and paragraph 7(2) of Schedule 8 to, the Contributions and Benefits Act (payments for constant attendance in workmen’s compensation cases), or
 - (ii) an increase in an allowance which was payable in respect of constant attendance under section 111 of, and paragraph 4 of Schedule 8 to, the Contributions and Benefits Act (industrial diseases benefit schemes);
- (d) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983(2) or any analogous payment;
- (e) any payment based on the need for attendance which is paid as an addition to a war disablement pension;

“bereavement allowance” means an allowance under section 39B of the Contributions and Benefits Act(3);

(1) Part 12ZA was inserted by section 2 of the Employment Act 2002 (c.22).

(2) S.I. 1983/686. Article 14 was substituted, and articles 15 and 16 were amended, by S.I. 2001/1420.

(3) Section 39B was inserted by section 55 of the Welfare Reform and Pensions Act 1999 (c.30).

- “care leaver” has the meaning in regulation 8;
- “carer’s allowance” means a carer’s allowance under section 70 of the Contributions and Benefits Act(4);
- “carer element” has the meaning in regulation 29;
- “childcare costs element” has the meaning in regulation 31;
- “child element” has the meaning in regulation 24;
- “close relative”, in relation to a person, means—
- (a) a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother or sister; and
 - (b) if any of the above is a member of a couple, the other member of the couple;
- “confinement” has the meaning in regulation 8;
- “Contributions and Benefits Act” means the Social Security Contributions and Benefits Act 1992(5);
- “course of advanced education” has the meaning in regulation 12;
- “disability living allowance” means an allowance under section 71 of the Contributions and Benefits Act;
- “earned income” has the meaning in Chapter 2 of Part 6;
- “EEA Regulations” means the Immigration (European Economic Area) Regulations 2006(6);
- “employment and support allowance” means an allowance under Part 1 of the Welfare Reform Act 2007(7) as amended by Schedule 3 and Part 1 of Schedule 14 to the Welfare Reform Act 2012 (removing references to an income-related allowance);
- “ESA Regulations” means the Employment and Support Allowance Regulations 2013(8);
- “expected number of hours per week” has the meaning in regulation 88;
- “foster parent” means—
- (a) in relation to England, a person with whom a child is placed under the Fostering Services Regulations 2011(9);
 - (b) in relation to Wales, a person with whom a child is placed under the Fostering Services (Wales) Regulations 2003(10);
 - (c) in relation to Scotland, a foster carer or kinship carer with whom a child is placed under the Looked After Children (Scotland) Regulations 2009(11);
- “grant” has the meaning in regulation 68;
- “health care professional” means (except in regulation 98)—
- (a) a registered medical practitioner;
 - (b) a registered nurse; or
 - (c) an occupational therapist or physiotherapist registered with a regulatory body established by Order in Council under section 60 of the Health Act 1999(12);

(4) Section 70 has been amended by [S.I. 1994/2556](#) and [S.I. 2002/1457](#).

(5) 1992 c.4.

(6) [S.I. 2006/1003](#).

(7) 2007 c.5.

(8) S.I.2013/XXX

(9) [S.I. 2011/581](#).

(10) [S.I. 2003/237](#) amended by [S.I. 2003/896](#).

(11) [S.S.I. 2009/210](#).

(12) 1999 c.8.

- “housing costs element” has the meaning in regulation 25;
- “individual threshold” has the meaning in regulation 90(2);
- “industrial injuries benefit” means a benefit under Part 5 of the Contributions and Benefits Act;
- “ITEPA” means the Income Tax (Earnings and Pensions) Act 2003(13);
- “jobseeker’s allowance” means an allowance under the Jobseekers Act 1995(14) as amended by Part 1 of Schedule 14 to the Act (removing references to an income-based allowance);
- “local authority” means—
- (a) in relation to England, a county council, a district council, a parish council, a London borough council, the Common Council of the City of London or the Council of the Isles of Scilly;
 - (b) in relation to Wales, a county council, a county borough council or a community council;
 - (c) in relation to Scotland, a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994(15);
- “LCW element” and “LCWRA element” have the meaning in regulation 27;
- “looked after by a local authority” in relation to a child or young person means a child or young person who is looked after by a local authority within the meaning of section 22 of the Children Act 1989(16) or section 17(6) of the Children (Scotland) Act 1995(17);
- “maternity allowance” means a maternity allowance under section 35 of the Contributions and Benefits Act;
- “Medical Evidence Regulations” means the Social Security (Medical Evidence) Regulations 1976(18);
- “national insurance contribution” means a contribution under Part 1 of the Contributions and Benefits Act;
- “ordinary statutory paternity pay” means ordinary statutory paternity pay under Part 12ZA of the Contributions and Benefits Act;
- “paid work” means work done for payment or in expectation of payment and does not include being engaged by a charitable or voluntary organisation, or as a volunteer, in circumstances in which the payment received by or due to be paid to the person is in respect of expenses;
- “partner” means (except in regulation 77) the other member of a couple;
- “personal independence payment” means an allowance under Part 4 of the Welfare Reform Act 2012;
- “prisoner” means—
- (a) a person who is detained in custody pending trial or sentence upon conviction or under a sentence imposed by a court; or
 - (b) is on temporary release in accordance with the provisions of the Prison Act 1952(19) or the Prisons (Scotland) Act 1989(20),

(13) 2003 c.1.
(14) 1995 c.18.
(15) 1995 c.39.
(16) 1989 c.41.
(17) 1995 c.6.
(18) S.I. 1976/615.
(19) 1952 c.52.
(20) 1989 c.45.

other than a person who is detained in hospital under the provisions of the Mental Health Act 1983(21) or, in Scotland, under the provisions of the Mental Health (Care and Treatment) (Scotland) Act 2003(22) or the Criminal Procedure (Scotland) Act 1995(23);

“qualifying young person” has the meaning in regulation 5;

“redundancy” has the meaning in section 139(1) of the Employment Rights Act 1996(24);

“registered as blind” means registered as blind—

(a) in a register compiled by a local authority under section 29 of the National Assistance Act 1948(25); or

(b) in a register maintained by or on behalf of a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994(26) in consequence of having been certified as blind;

“regular and substantial caring responsibilities for a severely disabled person” has the meaning in regulation 30;

“relevant childcare” has the meaning in regulation 35;

“responsible for a child or qualifying young person” has the meaning in regulation 4;

“statutory adoption pay” means a payment under Part 12ZB of the Contributions Benefits Act(27);

“statutory maternity pay” means a payment under Part 12 of the Contributions and Benefits Act;

“statutory sick pay” means a payment under Part 11 of the Contributions and Benefits Act;

“student loan” has the meaning in regulation 68;

“terminally ill” means suffering from a progressive disease where death in consequence of that disease can reasonably be expected within 6 months;

“total outstanding reduction period” has the meaning in regulation 101(5);

“trade dispute” has the meaning in section 244 of the Trade Union and Labour Relations (Consolidation) Act 1992(28);

“unearned income” has the meaning in Chapter 3 of Part 6;

“war disablement pension” means any retired pay, pension or allowance payable in respect of disablement under an instrument specified in section 639(2) of ITEPA;

“weekly earnings” has the meaning in regulation 90(6);

“widowed mother’s allowance” means an allowance under section 37 of the Contributions and Benefits Act;

“widowed parent’s allowance” means an allowance under section 39A of the Contributions and Benefits Act(29);

“widow’s pension” means a pension under section 39 of the Contributions and Benefits Act.

(21) 1983 c.20.

(22) 2003 asp13.

(23) 1995 c.46.

(24) 1996 c.18.

(25) 1948 c.29. Section 29 has been amended by the Local Government Act 1972, the Employment and Training Act 1973, the Children Act 1989 and the National Health Service and Community Care Act 1990.

(26) 1994 c. 39. Section 2 has been amended by the Environment Act 1995 (c.25).

(27) Part 12ZB was inserted by section 4 of the Employment Act 2002 (c.22).

(28) 1992 c.52.

(29) Section 39A was inserted by section 55(2) of the Welfare Reform and Pensions Act 1999 (c.30).

The Benefit Unit

Couples

3.—(1) This regulation makes provision in relation to couples, including cases where both members of a couple may be entitled to universal credit jointly without each of them meeting all the basic conditions referred to in section 4 of the Act (see paragraph (2)) and cases where a person whose partner does not meet all the basic conditions may make a claim as a single person (see paragraph (3)).

(2) A couple may be entitled to universal credit as joint claimants where—

- (a) one member does not meet the basic condition in section 4(1)(b) (under the qualifying age for state pension credit) if the other member does meet that condition; or
- (b) one member does not meet the basic condition in section 4(1)(d) (not receiving education) and is not excepted from that condition if the other member does meet that condition or is excepted from it.

(3) A person who is a member of a couple may make a claim as a single person if the other member of the couple—

- (a) does not meet the basic condition in section 4(1)(a) (at least 18 years old) and is not a person in respect of whom the minimum age specified in regulation 8 applies;
- (b) does not meet the basic condition in section 4(1)(c) (in Great Britain);
- (c) is a prisoner; or
- (d) is a person other than a prisoner in respect of whom entitlement does not arise by virtue of regulation 19 (restrictions on entitlement),

and regulations 18 (capital limit), 36 (amount of elements) and 22 (deduction of income and work allowance) provide for the calculation of the award in such cases.

(4) Where two people are parties to a polygamous marriage, the fact that they are husband and wife is to be disregarded if—

- (a) one of them is a party to an earlier marriage that still subsists; and
- (b) the other party to that earlier marriage is living in the same household,

and, accordingly, the person who is not a party to the earlier marriage may make a claim for universal credit as a single person.

(5) In paragraph (4) “polygamous marriage” means a marriage during which a party to it is married to more than one person and which took place under the laws of a country which permits polygamy.

(6) Where the claimant is a member of a couple, and the other member is temporarily absent from the claimant’s household, they cease to be treated as a couple if that absence is expected to exceed, or does exceed, 6 months.

When a person is responsible for a child or qualifying young person

4.—(1) Whether a person is responsible for a child or qualifying young person for the purposes of Part 1 of the Act and these Regulations is determined as follows.

(2) A person is responsible for a child or qualifying young person who normally lives with them.

(3) But a person is not responsible for a qualifying young person if the two of them are living as a couple.

(4) Where a child or qualifying young person normally lives with two or more persons who are not a couple, only one of them is to be treated as responsible and that is the person who has the main responsibility.

(5) The persons mentioned in paragraph (4) may jointly nominate which of them has the main responsibility but the Secretary of State may determine that question—

- (a) in default of agreement; or
- (b) if a nomination or change of nomination does not, in the opinion of the Secretary of State, reflect the arrangements between those persons.

(6) A child or qualifying young person is to be treated as not being the responsibility of any person during any period when the child or qualifying young person is—

- (a) looked after by a local authority; or
- (b) a prisoner,

but there is excluded from sub-paragraph (a) any period which is in the nature of a planned short term break, or is one of a series of such breaks, for the purpose of providing respite for the person who normally cares for the child or qualifying young person.

(7) Where a child or qualifying young person is temporarily absent from a person's household the person ceases to be responsible for the child or qualifying young person if—

- (a) the absence is expected to exceed, or does exceed, 6 months; or
- (b) the absence is from Great Britain and is expected to exceed, or does exceed, one month unless it is in circumstances where an absence of a person for longer than one month would be disregarded for the purposes of regulation 11(2) or (3) (medical treatment or convalescence or death of close relative etc.).

Meaning of “qualifying young person”

5.—(1) A person who has reached the age of 16 but not the age of 20 is a qualifying young person for the purposes of Part 1 of the Act and these Regulations—

- (a) up to, but not including, the 1st September following their 16th birthday; and
- (b) up to, but not including, the 1st September following their 19th birthday, if they are enrolled on, or accepted for, approved training or a course of education—
 - (i) which is not a course of advanced education,
 - (ii) which is provided at a school or college or provided elsewhere but approved by the Secretary of State, and
 - (iii) where the average time spent during term time in receiving tuition, engaging in practical work or supervised study or taking examinations exceeds 12 hours per week.

(2) Where the young person is aged 19, they must have started the education or training or been enrolled on or accepted for it before reaching that age.

(3) The education or training referred to in paragraph (1) does not include education or training provided by means of a contract of employment.

(4) “Approved training” means training in pursuance of arrangements made under section 2(1) of the Employment and Training Act 1973⁽³⁰⁾ or section 2(3) of the Enterprise and New Towns (Scotland) Act 1990⁽³¹⁾ which is approved by the Secretary of State for the purposes of this regulation.

⁽³⁰⁾ 1973 c.50.

⁽³¹⁾ 1990 c.35.

(5) A person who is receiving universal credit, an employment and support allowance or a jobseeker's allowance is not a qualifying young person.

General

Rounding

6.—(1) Where the calculation of an amount for the purposes of these Regulations results in a fraction of a penny, that fraction is to be disregarded if it is less than half a penny and otherwise it is to be treated as a penny.

(2) This regulation does not apply to the calculation in regulation 111 (daily rate for a reduction under section 26 or 27 of the Act).

PART 2 ENTITLEMENT

Introduction

7. This Part contains provisions about—

- (a) the requirement to meet the basic conditions in section 4 of the Act, including exceptions from that requirement;
- (b) the maximum amount of capital and the minimum amount of universal credit for the financial conditions in section 5 of the Act; and
- (c) cases where no entitlement to universal credit arises even if the basic conditions and the financial conditions are met.

Minimum age

Cases where the minimum age is 16

8.—(1) For the basic condition in section 4(1)(a) of the Act (at least 18 years old), the minimum age is 16 years old where a person—

- (a) has limited capability for work;
- (b) is awaiting an assessment under Part 5 to determine whether the person has limited capability for work and has a statement given by a registered medical practitioner in accordance with the Medical Evidence Regulations which provides that the person is not fit for work;
- (c) has regular and substantial caring responsibilities for a severely disabled person;
- (d) is responsible for a child;
- (e) is a member of a couple the other member of which is responsible for a child or a qualifying young person (but only where the other member meets the basic conditions in section 4 of the Act);
- (f) is pregnant, and it is 11 weeks or less before her expected week of confinement, or was pregnant and it is 15 weeks or less since the date of her confinement; or
- (g) is without parental support (see paragraph (3)).

(2) Sub-paragraphs (c), (f) and (g) of paragraph (1) do not include any person who is a care leaver.

(3) For the purposes of paragraph (1)(g) a young person is without parental support where that person is not being looked after by a local authority and—

- (a) has no parent;
- (b) cannot live with their parents because—
 - (i) the person is estranged from them, or
 - (ii) there is a serious risk to the person’s physical or mental health, or that the person would suffer significant harm if the person lived with them; or
- (c) is living away from their parents, and neither parent is able to support the person financially because that parent—
 - (i) has a physical or mental impairment,
 - (ii) is detained in custody pending trial or sentence upon conviction or under a sentence imposed by a court, or
 - (iii) is prohibited from entering or re-entering Great Britain.

(4) In this regulation—

“parent” includes any person acting in the place of a parent;

“care leaver” means—

- (a) in relation to England and Wales, an eligible child for the purposes of paragraph 19B of Schedule 2 to the Children Act 1989(32) or a relevant child for the purposes of section 23A of that Act;
- (b) in relation to Scotland, a person under the age of 18 to whom a local authority in Scotland is obliged to provide advice and assistance in terms of section 29(1) of the Children (Scotland) Act 1995 and who, since reaching the age of 14, has been looked after by a local authority for a period of or periods totalling 13 weeks or more (excluding any period where the person has been placed with a member of their family); and

“confinement” means—

- (a) labour resulting in the birth of a living child; or
- (b) labour after 24 weeks of pregnancy resulting in the birth of a child whether alive or dead, and where a woman’s labour begun on one day results in the birth of a child on another day she is to be taken to be confined on the date of the birth.

In Great Britain

Persons treated as not being in Great Britain

9.—(1) For the purposes of determining whether a person meets the basic condition to be in Great Britain, except where a person falls within paragraph (4), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.

(2) A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.

(3) For the purposes of paragraph (2), a right to reside does not include a right which exists by virtue of, or in accordance with—

(32) 1989 c.41. Section 19B was inserted by section 1 of the Children (Leaving Care) Act 2000 (c.35). Section 23A was inserted by section 2 of that Act.

- (a) regulation 13 of the EEA Regulations or Article 6 of Council Directive No.2004/38/EC(33); or
 - (b) regulation 15A(1) of the EEA Regulations(34), but only in cases where the right exists under that regulation because the claimant satisfies the criteria in regulation 15A(4A) of those Regulations or article 20 of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European citizen).
- (4) A person falls within this paragraph if the person is—
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
 - (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
 - (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
 - (d) a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
 - (e) a person who has exceptional leave to enter or remain in the United Kingdom granted outside the rules made under section 3(2) of the Immigration Act 1971(35);
 - (f) a person who has humanitarian protection granted under those rules; or
 - (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999(36) and who is in the United Kingdom as a result of their deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom.

Crown servants and members of Her Majesty’s forces posted overseas

10.—(1) The following persons do not have to meet the basic condition to be in Great Britain—

- (a) a Crown servant or member of Her Majesty’s forces posted overseas;
- (b) in the case of joint claimants, the partner of a person mentioned in sub-paragraph (a) while they are accompanying the person on that posting.

(2) A person mentioned in paragraph (1)(a) is posted overseas if the person is performing overseas the duties of a Crown servant or member of Her Majesty’s forces and was, immediately before their posting or the first of consecutive postings, habitually resident in the United Kingdom.

(3) In this regulation—

“Crown servant” means a person holding an office or employment under the Crown; and

“Her Majesty’s forces” has the meaning in the Armed Forces Act 2006(37).

Temporary absence from Great Britain

11.—(1) A person’s temporary absence from Great Britain is disregarded in determining whether they meet the basic condition to be in Great Britain if—

(33) OJL 158,30.4.04, p.77.

(34) Regulation 15A was inserted by S.I. 2012/1547 and paragraph (4A) of that regulation was inserted by S.I.2012/2560.

(35) 1971 c.77.

(36) 1999 c.33.

(37) 2006 c.52.

- (a) the person is entitled to universal credit immediately before the beginning of the period of temporary absence; and
 - (b) either—
 - (i) the absence is not expected to exceed, and does not exceed, one month, or
 - (ii) paragraph (3) or (4) applies.
- (2) The period of one month in paragraph (1)(b) may be extended by up to a further month if the temporary absence is in connection with the death of—
- (a) the person’s partner or a child or qualifying young person for whom the person was responsible; or
 - (b) a close relative of the person, or of their partner or of a child or qualifying young person for whom the person or their partner was responsible,
- and the Secretary of State considers that it would be unreasonable to expect the person to return to Great Britain within the first month.
- (3) This paragraph applies where the absence is not expected to exceed, and does not exceed, 6 months and is solely in connection with—
- (a) the person undergoing—
 - (i) treatment for an illness or physical or mental impairment by, or under the supervision of, a qualified practitioner, or
 - (ii) medically approved convalescence or care as a result of treatment for an illness or physical or mental impairment, where the person had that illness or impairment before leaving Great Britain; or
 - (b) the person accompanying their partner or a child or qualifying young person for whom they are responsible for treatment or convalescence or care as mentioned in sub-paragraph (a).
- (4) This paragraph applies where the absence is not expected to exceed, and does not exceed, 6 months and the person is—
- (a) a mariner; or
 - (b) a continental shelf worker who is in a designated area or a prescribed area.
- (5) In this regulation—
- “continental shelf worker” means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any activity mentioned in section 11(2) of the Petroleum Act 1998⁽³⁸⁾;
- “designated area” means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964⁽³⁹⁾ as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;
- “mariner” means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel where—
- (a) the employment in that other capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
 - (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;
- “medically approved” means certified by a registered medical practitioner;

⁽³⁸⁾ 1998 c.17.

⁽³⁹⁾ 1964 c.29.

“prescribed area” means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;

“qualified practitioner” means a person qualified to provide medical treatment, physiotherapy or a form of treatment which is similar to, or related to, either of those forms of treatment.

Receiving education

Meaning of “receiving education”

12.—(1) For the basic condition in section 4(1)(d) of the Act (not receiving education) a qualifying young person is to be treated as receiving education.

(2) In any other case “receiving education” means—

- (a) undertaking a full-time course of advanced education; or
- (b) undertaking any other full-time course of study or training at an educational establishment for which a student loan or grant is provided for the person’s maintenance.

(3) In paragraph (2)(a) “course of advanced education” means—

- (a) a course of study leading to—
 - (i) a postgraduate degree or comparable qualification,
 - (ii) a first degree or comparable qualification,
 - (iii) a diploma of higher education,
 - (iv) a higher national diploma; or
- (b) any other course of study which is of a standard above advanced GNVQ or equivalent, including a course which is of a standard above a general certificate of education (advanced level), or above a Scottish national qualification (higher or advanced higher).

(4) A claimant who is not a qualifying young person and is not undertaking a course described in paragraph (2) is nevertheless to be treated as receiving education if the claimant is undertaking a course of study or training that is not compatible with any work-related requirement imposed on the claimant by the Secretary of State.

Meaning of “undertaking a course”

13.—(1) For the purposes of these Regulations a person is to be regarded as undertaking a course of education or training—

- (a) throughout the period beginning on the date on which the person starts undertaking the course and ending on the last day of the course or on such earlier date (if any) as the person finally abandons it or is dismissed from it; or
- (b) where a person is undertaking a part of a modular course, for the period beginning on the day on which that part of the course starts and ending—
 - (i) on the last day on which the person is registered as undertaking that part, or
 - (ii) on such earlier date (if any) as the person finally abandons the course or is dismissed from it.

(2) The period referred to in paragraph (1)(b) includes—

- (a) where a person has failed examinations or has failed to complete successfully a module relating to a period when the person was undertaking a part of the course, any period

in respect of which the person undertakes the course for the purpose of retaking those examinations or completing that module; and

- (b) any period of vacation within the period specified in paragraph (1)(b) or immediately following that period except where the person has registered to attend or undertake the final module in the course and the vacation immediately follows the last day on which the person is to attend or undertake the course.

(3) In this regulation “modular course” means a course which consists of two or more modules, the successful completion of a specified number of which is required before a person is considered by the educational establishment to have completed the course.

(4) A person is not to be regarded as undertaking a course for any part of the period mentioned in paragraph (1) during which the following conditions are met—

- (a) the person has, with the consent of the relevant educational establishment, ceased to attend or undertake the course because they are ill or caring for another person;
- (b) the person has recovered from that illness or ceased caring for that person within the past year, but not yet resumed the course; and
- (c) the person is not eligible for a grant or student loan.

Exceptions to the requirement not to be receiving education

14. A person does not have to meet the basic condition in section 4(1)(d) of the Act (not receiving education) if—

- (a) the person—
 - (i) is undertaking, a full-time course of study or training which is not a course of advanced education,
 - (ii) is under the age of 21, or is 21 and reached that age whilst undertaking the course, and
 - (iii) is without parental support (as defined in regulation 8(3));
- (b) the person is entitled to attendance allowance, disability living allowance or personal independence payment and has limited capability for work;
- (c) the person is responsible for a child or a qualifying young person;
- (d) the person is a single person and a foster parent with whom a child is placed;
- (e) the person is a member of a couple, both of whom are receiving education, and the other member is—
 - (i) responsible for a child or qualifying young person, or
 - (ii) a foster parent with whom a child is placed; or
- (f) the person—
 - (i) has reached the qualifying age for state pension credit, and
 - (ii) is a member of a couple the other member of which has not reached that age.

Accepting a claimant commitment

Claimant commitment – date and method of acceptance

15.—(1) For the basic condition in section 4(1)(e) of the Act, a person who has accepted a claimant commitment within such period after making a claim as the Secretary of State specifies is to be treated as having accepted that claimant commitment on the first day of the period in respect of which the claim is made.

(2) In a case where an award may be made without a claim, a person who accepts a claimant commitment within such period as the Secretary of State specifies is to be treated as having accepted a claimant commitment on the day that would be the first day of the first assessment period in relation to the award in accordance with regulation 21(3).

(3) The Secretary of State may extend the period within which a person is required to accept a claimant commitment or an updated claimant commitment where the person requests that the Secretary of State review—

- (a) any action proposed as a work search requirement or a work availability requirement; or
- (b) whether any limitation should apply to those requirements,

and the Secretary of State considers that the request is reasonable.

(4) A person must accept a claimant commitment by one of the following methods, as specified by the Secretary of State—

- (a) electronically;
- (b) by telephone; or
- (c) in writing.

Claimant commitment – exceptions

16. A person does not have to meet the basic condition to have accepted a claimant commitment if the Secretary of State considers that—

- (a) the person cannot accept a claimant commitment because they lack the capacity to do so; or
- (b) there are exceptional circumstances in which it would be unreasonable to expect the person to accept a claimant commitment.

Financial conditions

Minimum amount

17. For the purposes of section 5(1)(b) and (2)(b) of the Act (financial conditions: amount payable not less than any prescribed minimum) the minimum is one penny.

Capital limit

18.—(1) For the purposes of section 5(1)(a) and (2)(a) of the Act (financial conditions: capital limit)—

- (a) the prescribed amount for a single claimant is £16,000; and
- (b) the prescribed amount for joint claimants is £16,000.

(2) In a case where the claimant is a member of a couple, but makes a claim as a single person, the claimant's capital is to be treated as including the capital of the other member of the couple.

Restrictions on entitlement

Restrictions on entitlement – prisoners etc.

19.—(1) Entitlement to universal credit does not arise where a person is—

- (a) a member of a religious order who is fully maintained by their order;
- (b) a prisoner; or

- (c) serving a sentence of imprisonment detained in hospital.
- (2) Paragraph (1)(b) does not apply during the first 6 months when the person is a prisoner where—
 - (a) the person was entitled to universal credit immediately before becoming a prisoner, and the calculation of their award included an amount for the housing costs element; and
 - (b) the person has not been sentenced to a term in custody that is expected to extend beyond that 6 months.
- (3) In the case of a prisoner to whom paragraph (2) applies, an award of universal credit is not to include any element other than the housing costs element.
- (4) In paragraph (1)(c) a person serving a sentence of imprisonment detained in hospital is a person who is—
 - (a) being detained—
 - (i) under section 45A or 47 of the Mental Health Act 1983⁽⁴⁰⁾ (power of higher courts to direct hospital admission; removal to hospital of persons serving sentence of imprisonment etc), and
 - (ii) before the day which the Secretary of State certifies to be that person's release date within the meaning of section 50(3) of that Act (in any case where there is such a release date); or
 - (b) being detained under—
 - (i) section 59A of the Criminal Procedure (Scotland) Act 1995⁽⁴¹⁾ (hospital direction), or
 - (ii) section 136 of the Mental Health (Care and Treatment) (Scotland) Act 2003⁽⁴²⁾ (transfer of prisoners for treatment of mental disorder).

PART 3

AWARDS

Introduction

20. This Part contains provisions for the purposes of sections 7 and 8 of the Act about assessment periods and about the calculation of the amount of an award of universal credit.

Assessment periods

21.—(1) An assessment period is, subject to paragraph (5), a period of one month beginning with the first date of entitlement and each subsequent period of one month during which entitlement subsists.

- (2) Each assessment period begins on the same day of each month except as follows—
 - (a) if the first date of entitlement falls on the 31st day of a month, each assessment period begins on the last day of the month; and
 - (b) if the first date of entitlement falls on the 29th or 30th day of a month, each assessment period begins on the 29th or 30th day of the month (as above) except in February when it begins on the 27th day or, in a leap year, the 28th day.

⁽⁴⁰⁾ 1983 c.20. Section 45A was inserted by section 45A was inserted by section 46 of the Crime (Sentences) Act 1997.

⁽⁴¹⁾ 1995 c.46. Section 59A was inserted by section 133 of the Mental Health (Care and Treatment) (Scotland) Act 2003.

⁽⁴²⁾ 2003 asp13.

(3) Where an award of universal credit has terminated and a further award is made without a claim by virtue of regulation 6 or 9 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013(43) ("the Claims and Payments Regulations"), each assessment period in relation to the new award begins on the same day of each month as the assessment period in relation to the old award.

(4) Where the further award is to a couple jointly in a case where each of them had an award that terminated when they became a couple, the old award for the purposes of paragraph (3) is the one they nominate or, if they fail to nominate one, the one which the Secretary of State determines.

(5) Where, because the time for making a claim for universal credit is extended by virtue of regulation 26(2) of the Claims and Payments Regulations, the first date of entitlement falls before the date on which the claim is made—

- (a) the first assessment period is the period beginning with the first date of entitlement and ending with the day before the date on which the claim is made; and
- (b) paragraphs (1) and (2) apply to the second and subsequent assessment periods as if the date on which the claim is made were the first date of entitlement.

(6) The amount payable in respect of that first assessment period is to be calculated as follows—

$$Nx \left(\frac{Ax12}{365} \right)$$

where N is the number of days in the period and A is the amount calculated in relation to that period as if it were an assessment period of one month.

Deduction of income and work allowance

22.—(1) The amounts to be deducted from the maximum amount in accordance with section 8(3) of the Act to determine the amount of an award of universal credit are—

- (a) all of the claimant's unearned income (or in the case of joint claimants all of their combined unearned income) in respect of the assessment period; and
- (b) 65% of the amount by which the claimant's earned income (or, in the case of joint claimants, their combined earned income) in respect of the assessment period exceeds the work allowance.

(2) The amount of the work allowance is—

- (a) if the award contains no amount for the housing costs element, the applicable amount of the higher work allowance specified in the table below; and
- (b) if the award does contain an amount for the housing costs element, the applicable amount of the lower work allowance specified in that table.

(3) In the case of an award where the claimant is a member of a couple, but makes a claim as a single person, the amount to be deducted from the maximum amount in accordance with section 8(3) of the Act is—

- (a) all of the couple's combined unearned income in respect of the assessment period; and
- (b) 65% of the amount by which the couple's combined earned income in respect of the assessment period exceeds the work allowance,

and the applicable amount of the work allowance is the same amount as for joint claimants.

<i>Higher work allowance (taking the highest of whichever of the following amounts is applicable)—</i>		
Single claimant—		
	not responsible for a child or qualifying young person	£111
	responsible for one or more children or qualifying young persons	£734
	has limited capability for work	£647
Joint claimants—		
	neither responsible for a child or qualifying young person	£111
	responsible for one or more children or qualifying young persons	£536
	one or both have limited capability for work	£647
Lower work allowance (taking the highest of whichever of the following amounts is applicable) —		
Single claimant—		
	not responsible for a child or qualifying young person	£111
	responsible for one or more children or qualifying young persons	£263
	has limited capability for work	£192
Joint claimants—		
	neither responsible for a child or qualifying young person	£111
	responsible for one or more children or qualifying young persons	£222
	one or both have limited capability for work	£192

PART 4

ELEMENTS OF AN AWARD

Introduction

23.—(1) This Part contains provisions about the amounts (“the elements”) under—

- (a) section 9 (the standard allowance);
- (b) section 10 (responsibility for children and young persons);
- (c) section 11 (housing costs); and
- (d) section 12 (particular needs and circumstances),

of the Act that make up the maximum amount of an award of universal credit, as provided in section 8(2) of the Act.

(2) The elements to be included in an award under section 12 of the Act in respect of particular needs or circumstances are—

- (a) the LCW element and the LCWRA element (see regulations 27 and 28);
- (b) the carer element (see regulations 29 and 30); and
- (c) the childcare costs element (see regulations 31 to 35).

Responsibility for children or young persons

The child element

24.—(1) The amount to be included in an award of universal credit for each child or qualifying young person for whom a claimant is responsible (“the child element”) is given in the table in regulation 36.

(2) An additional amount as shown in that table is to be included in respect of each child or qualifying young person who is disabled and that amount is—

- (a) the lower rate, where the child or qualifying young person is entitled to disability living allowance or personal independence payment (unless sub-paragraph (b) applies); or
- (b) the higher rate where the child or qualifying young person is—
 - (i) entitled to the care component of disability living allowance at the highest rate or the daily living component of personal independence payment at the enhanced rate, or
 - (ii) registered as blind.

Housing costs

The housing costs element

25.—(1) Paragraphs (2) to (4) specify for the purposes of section 11 of the Act (award of universal credit to include an amount in respect of any liability of a claimant to make payments in respect of the accommodation they occupy as their home)—

- (a) what is meant by payments in respect of accommodation (see paragraph (2));
 - (b) the circumstances in which a claimant is to be treated as liable or not liable to make such payments (see paragraph (3));
 - (c) the circumstances in which a claimant is to be treated as occupying or not occupying accommodation and in which land used for the purposes of any accommodation is to be treated as included in the accommodation (see paragraph (4)).
- (2) The payments in respect of accommodation must be—
- (a) payments within the meaning of paragraph 2 of Schedule 1 (“rent payments”);
 - (b) payments within the meaning of paragraph 4 of that Schedule (“owner-occupier payments”);
 - (c) payments within the meaning of paragraph 7 of that Schedule (“service charge payments”).
- (3) The circumstances of the liability to make the payments must be such that—
- (a) the claimant (or either joint claimant)—
 - (i) has a liability to make the payments which is on a commercial basis, or
 - (ii) is treated under Part 1 of Schedule 2 as having a liability to make the payments; and
 - (b) none of the provisions in Part 2 of that Schedule applies to treat the claimant (or either joint claimant) as not being liable to make the payments.
- (4) The circumstances in which the accommodation is occupied must be such that—
- (a) the claimant is treated under Part 1 of Schedule 3 as occupying the accommodation as their home (including any land used for the purposes of the accommodation which is treated under that Part as included in the accommodation); and
 - (b) none of the provisions in Part 2 of that Schedule applies to treat the claimant as not occupying that accommodation.

(5) References in these Regulations—

- (a) to the housing costs element are to the amount to be included in a claimant’s award under section 11 of the Act;
- (b) to a claimant who meets the payment condition, the liability condition or the occupation condition are, respectively, to any claimant in whose case the requirements of paragraph (2), (3) or (4) are met (and any reference to a claimant who meets all of the conditions specified in this regulation is to be read accordingly).

Amount of the housing costs element – renters and owner-occupiers

26.—(1) This regulation provides for the amount to be included in an award in respect of an assessment period in which the claimant meets all the conditions specified in regulation 25.

(2) Schedule 4 has effect in relation to any claimant where—

- (a) the claimant meets all of those conditions; and
- (b) the payments for which the claimant is liable are rent payments (whether or not service charge payments are also payable).

(3) Schedule 5 has effect in relation to any claimant where—

- (a) the claimant meets all of those conditions; and
- (b) the payments for which the claimant is liable are—
 - (i) owner-occupier payments (whether or not service charge payments are also payable),
or
 - (ii) service charge payments only.

(4) Where both paragraphs (2) and (3) apply in relation to a claimant who occupies accommodation under a shared ownership tenancy—

- (a) an amount is to be calculated under each of Schedules 4 and 5; and
- (b) the amount of the claimant’s housing cost element is the aggregate of those amounts.

(5) But where, in a case to which paragraph (4) applies, there is a liability for service charge payments, the amount in respect of those payments is to be calculated under Schedule 4.

(6) “Shared ownership tenancy” means—

- (a) in England and Wales, a lease granted on payment of a premium calculated by reference to a percentage of the value of accommodation or the cost of providing it;
- (b) in Scotland, an agreement by virtue of which the tenant of accommodation of which the tenant and landlord are joint owners is the tenant in respect of the landlord’s interest in the accommodation or by virtue of which the tenant has the right to purchase the accommodation or the whole or part of the landlord’s interest in it.

Particular needs or circumstances - capability for work

Award to include LCW and LCWRA elements

27.—(1) An award of universal credit is to include an amount—

- (a) in respect of the fact that a claimant has limited capability for work (“the LCW element”);
or
- (b) in respect of the fact that a claimant has limited capability for work and work-related activity (“the LCWRA element”).

(2) The amounts of those elements are given in the table in regulation 36.

(3) Whether a claimant has limited capability for work or for work and work-related activity is determined in accordance with Part 5.

(4) In the case of joint claimants, where each of them has limited capability for work or for work and work-related activity, the award is only to include one element and that is the LCWRA element if one of them has limited capability for work and work-related activity, but otherwise it is the LCW element.

Period for which the LCW or LCWRA element is not to be included

28.—(1) An award of universal credit is not to include the LCW or LCWRA element until the beginning of the assessment period that follows the assessment period in which the relevant period ends.

(2) The relevant period is the period of three months beginning with—

- (a) if regulation 41(2) applies (claimant with weekly earnings equal to or above the relevant threshold) the date on which the award of universal credit commences or, if later, the date on which the claimant applies for the LCW or LCWRA element to be included in the award; or
- (b) in any other case, the first day on which the claimant provides evidence of their having limited capability for work in accordance with the Medical Evidence Regulations.

(3) But where, in the circumstances referred to in paragraph (3), there has been a previous award of universal credit—

- (a) if the previous award included the LCW or LCWRA element, paragraph (1) does not apply; and
- (b) if the relevant period in relation to that award has begun but not ended, the relevant period ends on the date it would have ended in relation to the previous award.

(4) The circumstances are where—

- (a) immediately before the award commences, the previous award has ceased because the claimant ceased to be a member of a couple or became a member of a couple; or
- (b) within the six months before the award commences, the previous award has ceased because the financial condition in section 5(1)(b) (or, if it was a joint claim, section 5(2)(b)) of the Act was not met.

(5) Paragraph (1) also does not apply if—

- (a) the claimant is terminally ill; or
- (b) the claimant—
 - (i) is entitled to an employment and support allowance that includes the support component or the work-related activity component, or
 - (ii) was so entitled on the day before the award of universal credit commenced and has ceased to be so entitled by virtue of section 1A of the Welfare Reform Act 2007⁽⁴⁴⁾ (duration of contributory allowance).

(6) Paragraph (1) does not apply where an award includes the LCW element and it is subsequently determined that the claimant has limited capability for work and work-related activity.

(7) Where, by virtue of this regulation, the condition in section 5(1)(b) or 5(2)(b) of the Act is not met, the amount of the claimant's income (or, in the case of joint claimants, their combined income) is to be treated during the relevant period as such that the amount payable is the prescribed minimum (see regulation 17).

(44) 2007 c.5. Section 1A was inserted by section 51 of the Welfare Reform Act 2012.

Particular needs or circumstances – carers

Award to include the carer element

29.—(1) An award of universal credit is to include an amount (“the carer element”) specified in the table in regulation 36 where a claimant has regular and substantial caring responsibilities for a severely disabled person, but subject to paragraphs (2) to (4).

(2) In the case of joint claimants, an award is to include the carer element for both joint claimants if they both qualify for it, but only if they are not caring for the same severely disabled person.

(3) Where two or more persons have regular and substantial caring responsibilities for the same severely disabled person, an award of universal credit may only include the carer element in respect of one them and that is the one they jointly elect or, in default of election, the one the Secretary of State determines.

(4) Where an amount would, apart from this paragraph, be included in an award in relation to a claimant by virtue of paragraphs (1) to (3), and the claimant has limited capability for work or for work and work-related activity, only one out of the carer element, the LCW element and the LCWRA element may be included in respect of the claimant and that element is—

- (a) if the claimant has limited capability for work and work-related activity (and, in the case of joint claimants, the LCWRA element has not been included in respect of the other claimant), the LCWRA element; or
- (b) in any other case, the carer element.

Meaning of “regular and substantial caring responsibilities for a severely disabled person”

30.—(1) For the purposes of Part 1 of the Act and these Regulations, a person has regular and substantial caring responsibilities for a severely disabled person if they satisfy the conditions for entitlement to a carer’s allowance or would do so but for the fact that their earnings have exceeded the limit prescribed for the purposes of that allowance.

(2) Paragraph (1) applies whether or not the person has made a claim for a carer’s allowance.

(3) But a person does not have regular and substantial caring responsibilities for a severely disabled person if the person derives earned income from those caring responsibilities.

Particular needs or circumstances - childcare costs

Award to include childcare costs element

31. An award of universal credit is to include an amount in respect of childcare costs (“the childcare costs element”) in respect of an assessment period in which the claimant meets both—

- (a) the work condition (see regulation 32); and
- (b) the childcare costs condition (see regulation 33).

The work condition

32.—(1) The work condition is met in respect of an assessment period if—

- (a) the claimant is in paid work or has an offer of paid work that is due to start before the end of the next assessment period; and
- (b) if the claimant is a member of a couple (whether claiming jointly or as a single person), the other member is either in paid work or is unable to provide childcare because that person—
 - (i) has limited capability for work,

- (ii) has regular and substantial caring responsibilities for a severely disabled person, or
 - (iii) is temporarily absent from the claimant's household.
- (2) For the purposes of meeting the work condition in relation to an assessment period a claimant is to be treated as being in paid work if—
- (a) the claimant has ceased paid work—
 - (i) in that assessment period,
 - (ii) in the previous assessment period, or
 - (iii) if the assessment period in question is the first or second assessment period in relation to an award, in that assessment period or in the month immediately preceding the commencement of the award; or
 - (b) the claimant is receiving statutory sick pay, statutory maternity pay, ordinary statutory paternity pay, additional statutory paternity pay, statutory adoption pay or a maternity allowance.

The childcare costs condition

- 33.**—(1) The childcare costs condition is met in respect of an assessment period if—
- (a) the claimant pays charges in that period for relevant childcare in respect of—
 - (i) a child, or
 - (ii) a qualifying young person who has not reached the 1st September following their 16th birthday,for whom the claimant is responsible; and
 - (b) the charges are for childcare arrangements—
 - (i) that are to enable the claimant to take up paid work or to continue in paid work, or
 - (ii) where the claimant is treated as being in paid work by virtue of regulation 32(2), that are to enable the claimant to maintain childcare arrangements that were in place when the claimant ceased paid work or began to receive those benefits.
- (2) The childcare costs condition is only met in respect of an assessment period if those charges are reported to the Secretary of State before the end of the assessment period following the assessment period in which they are paid.

Amount of childcare costs element

- 34.**—(1) The amount of the childcare costs element for an assessment period is the lesser of—
- (a) 70% of the amount paid as charges for relevant childcare; or
 - (b) the maximum amount specified in the table in regulation 36.
- (2) In determining the amount of charges paid for relevant childcare, there is to be left out of account any amount—
- (a) that the Secretary of State considers excessive having regard to the extent to which the claimant (or, if the claimant is a member of a couple, the other member) is engaged in paid work; or
 - (b) that is met or reimbursed by an employer or some other person or is covered by other relevant support.
- (3) “Other relevant support” means payments out of funds provided by the Secretary of State or by Scottish or Welsh Ministers in connection with the claimant's participation in work-related activity or training.

Meaning of “relevant childcare”

35.—(1) “Relevant childcare” means any of the care described in paragraphs (2) to (5) other than care excluded by paragraph (7) or (8).

(2) Care provided in England for a child—

- (a) by a person registered under Part 3 of the Childcare Act 2006⁽⁴⁵⁾; or
- (b) by or under the direction of the proprietor of a school or a local authority on school premises out of school hours.

(3) Care provided in Scotland for a child—

- (a) by a person in circumstances in which the care service provided by the person consists of child minding or of day care of children within the meaning of section 2 of the Regulation of Care (Scotland) Act 2001⁽⁴⁶⁾ and is registered under Part 1 of that Act;
- (b) by a childcare agency where the care service consists of or includes supplying, or introducing to persons who use the service, childcarers within the meaning of section 2(7) and (8) of the Regulation of Care (Scotland) Act 2001; or
- (c) by a local authority in circumstances in which the care service provided by the local authority consists of child minding or of day care of children within the meaning of section 2 of the Regulation of Care (Scotland) Act 2001 and is registered under Part 1 of that Act.

(4) Care provided in Wales for a child—

- (a) by a person registered under Part 2 of the Children and Families (Wales) Measure 2010⁽⁴⁷⁾;
- (b) in circumstances in which, but for article 11, 12 or 14 of the Child Minding and Day Care Exceptions (Wales) Order 2010⁽⁴⁸⁾, the care would be day care for the purposes of Part 2 of the Children and Families (Wales) Measure 2010;
- (c) by a childcare provider approved in accordance with a scheme made by the National Assembly for Wales under section 12(5) of the Tax Credits Act 2002⁽⁴⁹⁾;
- (d) by or under the direction of the proprietor of a school or a local authority on school premises;
- (e) by a domiciliary care worker under the Domiciliary Care Agencies (Wales) Regulations 2004⁽⁵⁰⁾; or
- (f) by a foster parent in relation to the child (other than one whom the foster parent is fostering) in circumstances in which the care would be child minding or day care for the purposes of Part 2 of the Children and Families (Wales) Measure 2010 but for the fact that the child is over the age of the children to whom that Measure applies.

(5) Care provided anywhere outside Great Britain by a childcare provider approved by an organisation accredited by the Secretary of State.

(6) In paragraphs (2)(b) and (4)(d)—

- (a) “proprietor”, in relation to a school, means—
 - (i) the governing body incorporated under section 19 of the Education Act 2002⁽⁵¹⁾, or

⁽⁴⁵⁾ 2006 c.21.

⁽⁴⁶⁾ 2001 asp 8.

⁽⁴⁷⁾ 2010 nawm. 1.

⁽⁴⁸⁾ S.I. 2010/2839 (W 233).

⁽⁴⁹⁾ 2002 c.21.

⁽⁵⁰⁾ S.I. 2004/219 (W 23).

⁽⁵¹⁾ 2002 c. 32. Section 19 has been amended by S.I. 2010/1158.

- (ii) if there is no such governing body, the person or body of persons responsible for the management of the school; and
- (b) “school premises” means premises that may be inspected as part of an inspection of the school.
- (7) The following are not relevant childcare—
- (a) care provided for a child by a close relative of the child, wholly or mainly in the child’s home; and
- (b) care provided by a person who is a foster parent of the child.
- (8) Care is not within paragraph (2)(a) if it is provided in breach of a requirement to register under Part 3 of the Childcare Act 2006.
- (9) In this regulation “child” includes a qualifying young person mentioned in regulation 33(1)(a)(ii).

General

Table showing amounts of elements

36.—(1) The amounts of the standard allowance, the child element, the LCW and LCWRA elements and the carer element (which are all fixed amounts) and the maximum amounts of the childcare costs element are given in the following table.

(2) The amount of the housing costs element is dealt with in regulation 26.

(3) In the case of an award where the claimant is a member of a couple, but claims as a single person, the amounts are those shown in the table for a single claimant.

<i>Element</i>	<i>Amount for each assessment period</i>
Standard allowance—	
single claimant aged under 25	£246.81
single claimant aged 25 or over	£311.55
joint claimants both aged under 25	£387.42
joint claimants where either is aged 25 or over	£489.06
Child element—	
first child or qualifying young person	£272.08
second and each subsequent child or qualifying young person	£226.67
Additional amount for disabled child or qualifying young person—	
lower rate	£123.62
higher rate	£352.92
LCW and LCWRA elements—	
limited capability for work	£123.62
limited capability for work and work-related activity	£303.66
Carer element	£144.70

<i>Element</i>	<i>Amount for each assessment period</i>
Childcare costs element—	
maximum amount for one child	£532.29
maximum amount for two or more children	£912.50

Run-on after a death

37. In calculating the maximum amount of an award where any of the following persons has died—

- (a) in the case of a joint award, one member of the couple;
- (b) a child or qualifying young person for whom a claimant was responsible; or
- (c) in the case of a claimant who had regular and substantial caring responsibilities for a severely disabled person, that person,

the award is to continue to be calculated as if the person had not died for the assessment period in which the death occurs and the following two assessment periods.

PART 5

CAPABILITY FOR WORK OR WORK-RELATED ACTIVITY

Introduction

38. The question whether a claimant has limited capability for work, or for work and work-related activity, is to be determined for the purposes of the Act and these Regulations in accordance with this Part.

Limited capability for work

39.—(1) A claimant has limited capability for work if—

- (a) it has been determined that the claimant has limited capability for work on the basis of an assessment under this Part or under Part 4 of the ESA Regulations; or
- (b) the claimant is to be treated as having limited capability for work (see paragraph (6)).

(2) An assessment under this Part is an assessment as to the extent to which a claimant who has some specific disease or bodily or mental disablement is capable of performing the activities prescribed in Schedule 6 or is incapable by reason of such disease or bodily or mental disablement of performing those activities.

(3) A claimant has limited capability for work on the basis of an assessment under this Part if, by adding the points listed in column (3) of Schedule 6 against each descriptor listed in column (2) of that Schedule that applies in the claimant's case, the claimant obtains a total score of at least—

- (a) 15 points whether singly or by a combination of descriptors specified in Part 1 of that Schedule;
- (b) 15 points whether singly or by a combination of descriptors specified in Part 2 of that Schedule; or
- (c) 15 points by a combination of descriptors specified in Parts 1 and 2 of that Schedule.

(4) In assessing the extent of a claimant's capability to perform any activity listed in Schedule 6, it is a condition that the claimant's incapability to perform the activity arises—

- (a) in respect of any descriptor listed in Part 1 of Schedule 6, from a specific bodily disease or disablement;
- (b) in respect of any descriptor listed in Part 2 of Schedule 6, from a specific mental illness or disablement; or
- (c) in respect of any descriptor or descriptors listed in—
 - (i) Part 1 of Schedule 6, as a direct result of treatment provided by a registered medical practitioner for a specific physical disease or disablement, or
 - (ii) Part 2 of Schedule 6, as a direct result of treatment provided by a registered medical practitioner for a specific mental illness or disablement.

(5) Where more than one descriptor specified for an activity applies to a claimant, only the descriptor with the highest score in respect of each activity which applies is to be counted.

(6) A claimant is to be treated as having limited capability for work if any of the circumstances set out in Schedule 8 applies.

Limited capability for work and work-related activity

40.—(1) A claimant has limited capability for work and work-related activity if—

- (a) it has been determined that—
 - (i) the claimant has limited capability for work and work-related activity on the basis of an assessment under this Part, or
 - (ii) the claimant has limited capability for work related activity on the basis of an assessment under Part 5 of ESA Regulations; or
- (b) the claimant is to be treated as having limited capability for work and work-related activity (see paragraph (5)).

(2) A claimant has limited capability for work and work-related activity on the basis of an assessment under this Part if, by reason of the claimant's physical or mental condition,—

- (a) at least one of the descriptors set out in Schedule 7 applies to the claimant;
- (b) the claimant's capability for work and work-related activity is limited; and
- (c) the limitation is such that it is not reasonable to require that claimant to undertake such activity.

(3) In assessing the extent of a claimant's capability to perform any activity listed in Schedule 7, it is a condition that the claimant's incapability to perform the activity arises—

- (a) in respect of descriptors 1 to 8, 15(a), 15(b), 16(a) and 16(b)—
 - (i) from a specific bodily disease or disablement; or
 - (ii) as a direct result of treatment provided by a registered medical practitioner for a specific physical disease or disablement; or
- (b) in respect of descriptors 9 to 14, 15(c), 15(d), 16(c) and 16(d)—
 - (i) from a specific mental illness or disablement; or
 - (ii) as a direct result of treatment provided by a registered medical practitioner for a specific mental illness or disablement.

(4) A descriptor applies to a claimant if that descriptor applies to the claimant for the majority of the time or, as the case may be, on the majority of the occasions on which the claimant undertakes or attempts to undertake the activity described by that descriptor.

(5) A claimant is to be treated as having limited capability for work and work-related activity if any of the circumstances set out in Schedule 9 applies.

Work Capability Assessment

When an assessment may be carried out

41.—(1) The Secretary of State may carry out an assessment under this Part where—

- (a) it falls to be determined for the first time whether a claimant has limited capability for work or for work and work-related activity; or
- (b) there has been a previous determination and the Secretary of State wishes to determine whether there has been a relevant change of circumstances in relation to the claimant's physical or mental condition or whether that determination was made in ignorance of, or was based on a mistake as to, some material fact,

but subject to paragraphs (2) to (4).

(2) If the claimant has weekly earnings that are equal to or exceed the relevant threshold, the Secretary of State may not carry out an assessment under this Part unless—

- (a) the claimant is entitled to attendance allowance, disability living allowance or personal independence payment; or
- (b) the assessment is for the purposes of reviewing a previous determination that a claimant has limited capability for work or for work and work-related activity that was made on the basis of an assessment under this Part or under Part 4 or 5 of the ESA Regulations,

and, in a case where no assessment may be carried out by virtue of this paragraph, the claimant is to be treated as not having limited capability for work unless they are treated as having limited capability for work or for work and work-related activity by virtue of regulation 39(6) or 40(5).

(3) The relevant threshold for the purposes of paragraph (2) is the amount that a person would be paid at the hourly rate set out in regulation 11 of the National Minimum Wage Regulations 1999⁽⁵²⁾ for 16 hours a week.

(4) If it has previously been determined on the basis of an assessment under this Part or under Part 4 or 5 of the ESA Regulations that the claimant does not have limited capability for work, no further assessment is to be carried out unless there is evidence to suggest that—

- (a) the determination was made in ignorance of, or was based on a mistake as to, some material fact; or
- (b) there has been a relevant change of circumstances in relation to the claimant's physical or mental condition.

Assessment - supplementary

42.—(1) The following provisions apply to an assessment under this Part.

(2) The claimant is to be assessed as if the claimant were fitted with or wearing any prosthesis with which the claimant is normally fitted or normally wears or, as the case may be, wearing or using any aid or appliance which is normally, or could reasonably be expected to be, worn or used.

(3) If a descriptor applies in the case of the claimant as a direct result of treatment provided by a registered medical practitioner for a specific disease, illness or disablement, it is to be treated as applying by reason of the disease, illness or disablement.

(52) [S.I. 1999/584](#). Relevant amendments in [S.I.2010/1901](#) and [S.I. 2011/2345](#).

Information requirement

43.—(1) The information required to determine whether a claimant has limited capability for work or for work and work-related activity is—

- (a) any information relating to the descriptors specified in Schedule 6 or 7 requested by the Secretary of State in the form of a questionnaire; and
- (b) any additional information that may be requested by the Secretary of State.

(2) But where the Secretary of State is satisfied that there is enough information to make the determination without the information mentioned in paragraph (1)(a), that information is not required.

(3) Where a claimant fails without a good reason to comply with a request under paragraph (1), the claimant is to be treated as not having limited capability for work or, as the case may be, for work and work-related activity.

(4) But paragraph (3) does not apply unless the claimant was sent a further request to provide the information at least 3 weeks after the date of the first request and at least 1 week has passed since the further request was sent.

Medical examinations

44.—(1) Where it falls to be determined whether a claimant has limited capability for work or for work and work-related activity, the claimant may be called by or on behalf of a health care professional approved by the Secretary of State to attend a medical examination.

(2) Where a claimant who is called by or on behalf of such a health care professional to attend a medical examination fails without a good reason to attend or submit to the examination, the claimant is to be treated as not having limited capability for work or, as the case may be, for work and work-related activity.

(3) But paragraph (2) does not apply unless—

- (a) notice of the date, time and place of the examination was given to the claimant at least 7 days in advance; or
- (b) notice was given less than 7 days in advance and the claimant agreed to accept it.

PART 6

CALCULATION OF CAPITAL AND INCOME

CHAPTER 1

CAPITAL

Introduction

45. This Chapter provides for the calculation of a person's capital for the purpose of section 5 of the Act (financial conditions) and section 8 of the Act (calculation of awards).

What is included in capital?

46.—(1) The whole of a person's capital is to be taken into account unless—

- (a) it is to be treated as income (see paragraphs (3) and (4)); or
- (b) it is to be disregarded (see regulation 48).

(2) A person's personal possessions are not to be treated as capital.

(3) Subject to paragraph (4), any sums that are paid regularly and by reference to a period, for example payments under an annuity, are to be treated as income even if they would, apart from this provision, be regarded as capital or as having a capital element.

(4) Where capital is payable by instalments, each payment of an instalment is to be treated as income if the amount outstanding, combined with any other capital of the person (and, if the person is a member of a couple, the other member), exceeds £16,000, but otherwise such payments are to be treated as capital.

Jointly held capital

47. Where a person and one or more other persons have a beneficial interest in a capital asset, those persons are to be treated, in the absence of evidence to the contrary, as if they were each entitled to an equal share of the whole of that beneficial interest.

Capital disregarded

48.—(1) Any capital specified in Schedule 10 is to be disregarded from the calculation of a person's capital (see also regulations 75 to 77).

(2) Where a period of 6 months is specified in that Schedule, that period may be extended by the Secretary of State where it is reasonable to do so in the circumstances of the case.

Valuation of capital

49.—(1) Capital is to be calculated at its current market value or surrender value less—

- (a) where there would be expenses attributable to sale, 10%; and
- (b) the amount of any encumbrances secured on it.

(2) The market value of a capital asset possessed by a person in a country outside the United Kingdom is—

- (a) if there is no prohibition in that country against the transfer of an amount equal to the value of that asset to the United Kingdom, the market value in that country; or
- (b) if there is such a prohibition, the amount it would raise if sold in the United Kingdom to a willing buyer.

(3) Where capital is held in currency other than sterling, it is to be calculated after the deduction of any banking charge or commission payable in converting that capital into sterling.

Notional capital

50.—(1) A person is to be treated as possessing capital of which the person has deprived themselves for the purpose of securing entitlement to universal credit or to an increased amount of universal credit.

(2) A person is not to be treated as depriving themselves of capital if the person disposes of it for the purposes of—

- (a) reducing or paying a debt owed by the person; or
- (b) purchasing goods or services if the expenditure was reasonable in the circumstances of the person's case.

(3) Where a person is treated as possessing capital in accordance with this regulation, then for each subsequent assessment period (or, in a case where the award has terminated, each subsequent month) the amount of capital the person is treated as possessing ("the notional capital") reduces—

- (a) in a case where the notional capital exceeds £16,000, by the amount which the Secretary of State considers would be the amount of an award of universal credit that would be made to the person (assuming they met the conditions in section 4 and 5 of the Act) if it were not for the notional capital; or
- (b) in a case where the notional capital exceeds £6,000 but not £16,000 (including where the notional capital has reduced to an amount equal to or less than £16,000 in accordance with sub-paragraph (a)) by the amount of unearned income that the notional capital is treated as yielding under regulation 72.

CHAPTER 2 EARNED INCOME

Introduction

51. This Chapter provides for the calculation or estimation of a person’s earned income for the purposes of section 8 of the Act (calculation of awards).

Meaning of “earned income”

52. “Earned income” means—

- (a) the remuneration or profits derived from—
 - (i) employment under a contract of service or in an office, including elective office,
 - (ii) a trade, profession or vocation, or
 - (iii) any other paid work; or
- (b) any income treated as earned income in accordance with this Chapter.

Meaning of other terms relating to earned income

53.—(1) In this Chapter—

- “car” has the meaning in section 268A of the Capital Allowances Act 2001(**53**);
- “employed earnings” has the meaning in regulation 55;
- “gainful self-employment” has the meaning in regulation 64;
- “HMRC” means Her Majesty’s Revenue and Customs;
- “motor cycle” has the meaning in section 268A of the Capital Allowances Act 2001;
- “PAYE Regulations” means the Income Tax (Pay As You Earn) Regulations 2003(**54**);
- “relievable pension contributions” has the meaning in section 188 of the Finance Act 2004(**55**);
- “self-employed earnings” has the meaning in regulation 57; and
- “start-up period” has the meaning in regulation 63.

(2) References in this Chapter to a person participating as a service user are to—

- (a) a person who is being consulted by or on behalf of—
 - (i) a body which has a statutory duty to provide services in the field of health, social care or social housing; or

(53) 2001 c.2. Section 268A was inserted by section 30 of the Finance Act 2009 (c.10).

(54) S.I. 2003/2682.

(55) 2004 c.12.

- (ii) a body which conducts research or undertakes monitoring for the purpose of planning or improving such services,
in their capacity as a user, potential user, carer of a user or person otherwise affected by the provision of those services; or
- (b) the carer of a person consulted under sub-paragraph (a).

Calculation of earned income - general principles

54.—(1) The calculation of a person’s earned income in respect of an assessment period is, unless otherwise provided in this Chapter, to be based on the actual amounts received in that period.

(2) Where the Secretary of State—

- (a) makes a determination as to whether the financial conditions in section 5 of the Act are met before the expiry of the first assessment period in relation to a claim for universal credit; or
- (b) makes a determination as to the amount of a person’s earned income in relation to an assessment period where a person has failed to report information in relation to that earned income,

that determination may be based on an estimate of the amounts received or expected to be received in that assessment period.

Employed earnings

55.—(1) This regulation applies for the purposes of calculating earned income from employment under a contract of service or in an office, including elective office (“employed earnings”).

(2) Employed earnings comprise any amounts that are general earnings, as defined in section 7(3) of ITEPA, but excluding—

- (a) amounts that are treated as earnings under Chapters 2 to 11 of Part 3 of ITEPA (the benefits code); and
- (b) amounts that are exempt from income tax under Part 4 of ITEPA.

(3) In the calculation of employed earnings the following are to be disregarded—

- (a) expenses that are allowed to be deducted under Chapter 2 of Part 5 of ITEPA; and
- (b) expenses arising from participation as a service user (see regulation 53(2)).

(4) The following benefits are to be treated as employed earnings—

- (a) statutory sick pay;
- (b) statutory maternity pay;
- (c) ordinary statutory paternity pay;
- (d) additional statutory paternity pay; and
- (e) statutory adoption pay.

(5) In calculating the amount of a person’s employed earnings in respect of an assessment period, there are to be deducted from the amount of general earnings or benefits specified in paragraphs (2) to (4)—

- (a) any relievable pension contributions made by the person in that period;
- (b) any amounts paid by the person in that period in respect of the employment by way of income tax or primary Class 1 contributions under section 6(1) of the Contributions and Benefits Act; and

- (c) any sums withheld as donations to an approved scheme under Part 12 of ITEPA (payroll giving) by a person required to make deductions or repayments of income tax under the PAYE Regulations.

Employee involved in trade dispute

56. A person who has had employed earnings and has withdrawn their labour in furtherance of a trade dispute is, unless their contract of service has been terminated, to be assumed to have employed earnings at the same level as they would have had were it not for the trade dispute.

Self-employed earnings

57.—(1) This regulation applies for the purpose of calculating earned income that is not employed earnings and is derived from carrying on a trade, profession or vocation (“self-employed earnings”).

(2) A person’s self-employed earnings in respect of an assessment period are to be calculated by taking the amount of the gross profits (or, in the case of a partnership, the person’s share of those profits) of the trade, profession or vocation and deducting from that amount—

- (a) any payment made to HMRC in the assessment period in respect of the trade, profession or vocation by way of—
 - (i) Class 2 contributions payable under section 11(1) or (3) of the Contributions and Benefits Act or any Class 4 contributions payable under section 15 of that Act, or
 - (ii) income tax; and
- (b) any relievable pension contributions made by the person in the assessment period (unless a deduction has been made in respect of those contributions in calculating a person’s employed earnings).

(3) The gross profits of the trade, profession or vocation in respect of an assessment period are the actual receipts in that period less any deductions for expenses allowed under regulation 58 or 59.

(4) The receipts referred to in paragraph (3) include receipts in kind and any refund or repayment of income tax, value added tax or national insurance contributions relating to the trade, profession or vocation.

Permitted expenses

58.—(1) The deductions allowed in the calculation of self-employed earnings are amounts paid in the assessment period in respect of—

- (a) expenses that have been wholly and exclusively incurred for purposes of the trade, profession or vocation; or
- (b) in the case of expenses that have been incurred for more than one purpose, an identifiable part or proportion that has been wholly and exclusively incurred for the purposes of the trade, profession or vocation,

excluding any expenses that were incurred unreasonably.

(2) Payments deducted under paragraph (1) may include value added tax.

(3) No deduction may be made for payments in respect of—

- (a) expenditure on non-depreciating assets (including property, shares or other assets held for investment purposes);
- (b) any loss incurred in respect of a previous assessment period;
- (c) repayment of capital or payment of interest in relation to a loan taken out for the purposes of the trade, profession or vocation;

(d) expenses for business entertainment.

(4) This regulation is subject to regulation 59.

Flat rate deductions for mileage and use of home and adjustment for personal use of business premises

59.—(1) This regulation provides for alternatives to the deductions that would otherwise be allowed under regulation 58.

(2) Instead of a deduction in respect of the actual expenses incurred in relation to the acquisition or use of a motor vehicle, the following deductions are allowed according to the mileage covered on journeys undertaken in the assessment period for the purposes of the trade, profession or vocation—

(a) in a car, van or other motor vehicle (apart from a motorcycle), 45 pence per mile for the first 833 miles and 25 pence per mile thereafter; and

(b) on a motorcycle, 24 pence per mile,

and, if the motor vehicle is a car or motor cycle, the only deduction allowed for the acquisition or use of that vehicle is a deduction under this paragraph.

(3) Where a person carrying on a trade, profession or vocation incurs expenses in relation to the use of accommodation occupied as their home, instead of a deduction in respect of the actual expenses, a deduction is allowed according to the number of hours spent in the assessment period on income generating activities related to the trade, profession or vocation as follows—

(a) at least 25 hours but no more than 50 hours, £10;

(b) more than 50 hours but no more than 100 hours, £18;

(c) more than 100 hours, £26.

(4) Where premises which are used by a person mainly for the purposes of a trade, profession or vocation are also occupied by that person for their personal use, whether alone or with other persons, the deduction allowed for expenses in relation to those premises is the amount that would be allowed under regulation 58(1) if the premises were used wholly and exclusively for purposes of the trade, profession or vocation, but reduced by the following amount according to the number of persons occupying the premises for their personal use—

(a) £350 for one person;

(b) £500 for two persons;

(c) £650 for three or more persons.

Notional earned income

60.—(1) A person who has deprived themselves of earned income, or whose employer has arranged for them to be so deprived, for the purpose of securing entitlement to universal credit or to an increased amount of universal credit is to be treated as possessing that earned income.

(2) Such a purpose is to be treated as existing if, in fact, entitlement or higher entitlement to universal credit did result and, in the opinion of the Secretary of State, this was a foreseeable and intended consequence of the deprivation.

(3) If a person provides services for another person and—

(a) the other person makes no payment for those services or pays less than would be paid for comparable services in the same location; and

(b) the means of the other person were sufficient to pay for, or pay more for, those services,

the person who provides the services is to be treated as having received the remuneration that would be reasonable for the provision of those services.

- (4) Paragraph (3) does not apply where—
- (a) the person is engaged to provide the services by a charitable or voluntary organisation and the Secretary of State is satisfied that it is reasonable to provide the services free of charge or at less than the rate that would be paid for comparable services in the same location;
 - (b) the services are provided by a person who is participating as a service user (see regulation 53(2)); or
 - (c) the services are provided under or in connection with a person's participation in an employment or training programme approved by the Secretary of State.

Information for calculating earned income

61.—(1) Where—

- (a) a person has employed earnings in respect of which deductions or repayments of income tax are required to be made under the PAYE Regulations; and
- (b) the person required to make those deductions or repayments is a Real Time Information employer,

the information on which the calculation of those earnings is to be based for the purposes of determining the person's earned income is the information about those earnings reported to HMRC in accordance with the PAYE Regulations.

(2) Where paragraph (1) does not apply or where a Real Time Information employer fails to report information to HMRC, the person must provide such information for the purposes of calculating the person's earned income at such times as the Secretary of State may require.

(3) Where, by virtue of paragraph (1), the calculation of employed earnings is to be based on information reported under the PAYE Regulations, those employed earnings are to be treated as if they had been received by the person in the assessment period in which the Secretary of State receives that information, unless the Secretary of State has made a determination in accordance with regulation 54(2)(b) (estimate where information not reported) in relation to a previous assessment period.

(4) In this regulation "Real Time Information employer" has the meaning in regulation 2A(1) of the PAYE Regulations⁽⁵⁶⁾.

Gainful self-employment

Minimum income floor

62.—(1) Where, in any assessment period, a claimant is in gainful self-employment (see regulation 64) and the claimant's earned income in respect of that assessment period is less than the minimum income floor, the claimant is to be treated as having earned income equal to the minimum income floor.

(2) The "minimum income floor" is, subject to paragraph (3)—

- (a) the amount of the claimant's individual threshold (see regulation 90(2)(b)) multiplied by 52 and divided by 12; minus
- (b) an amount that the Secretary of State considers appropriate to take account of any income tax or national insurance contributions for which the person would be liable in respect of the assessment period if they had earned income of that amount.

(56) Regulation 2A was inserted by [S.I.2012/822](#).

- (3) But if the claimant is a member of a couple and, by virtue of paragraph (1), the amount of the couple's earned income would exceed the maximum for a couple—
- (a) in a case where the couple's combined earned income (before the application of paragraph (1)) is equal to or exceeds the maximum for a couple, paragraph (1) does not apply; and
 - (b) in any other case, the minimum income floor is to be reduced so that the amount of the couple's earned income does not exceed the maximum for a couple.
- (4) In paragraph (3) the “maximum for a couple” is—
- (a) the amount applicable in regulation 90(3) (earnings threshold for a couple) multiplied by 52 and divided by 12; minus
 - (b) an amount that the Secretary of State considers appropriate to take account of any income tax or national insurance contributions for which the couple would be liable in respect of the assessment period if they had earned income of that amount.
- (5) Paragraph (1) does not apply where—
- (a) the assessment period falls within a start-up period or is the assessment period in which a start-up period begins or ends; or
 - (b) the claimant falls within any of the following sections of the Act—
 - (i) section 19 (claimants subject to no work-related requirements), except by virtue of regulation 90,
 - (ii) section 20 (claimants subject to a work-focused interview requirement only), or
 - (iii) section 21 (claimants subject to a work preparation requirement only).

Start-up period

63.—(1) A “start-up period” is a period of 12 months and applies from the beginning of the assessment period in which the Secretary of State determines that a claimant is in gainful self-employment where—

- (a) the claimant has begun to carry on the trade, profession or vocation which is their main employment in the 12 months preceding the beginning of that assessment period; and
- (b) the claimant is taking active steps to increase their earnings from that employment to the level of the claimant's individual threshold (see regulation 90).

(2) But no start-up period may apply in relation to a claimant where a start-up period has previously applied in relation to that claimant, whether in relation to the current award or any previous award of universal credit, unless that previous start-up period—

- (a) began more than 5 years before the beginning of assessment period referred to in paragraph (1); and
- (b) applied in relation to a different trade, profession or vocation which the claimant has ceased to carry on.

(3) The Secretary of State may terminate a start-up period at any time if the person is no longer in gainful self-employment or is no longer taking the steps referred to in paragraph (1)(b).

Meaning of “gainful self-employment”

64. A claimant is in gainful self-employment for the purposes of regulations 62 and 63 where the Secretary of State has determined that—

- (a) the claimant is carrying on a trade, profession or vocation as their main employment;
- (b) their earnings from that trade, profession or vocation are self-employed earnings; and

- (c) the trade, profession or vocation is organised, developed, regular and carried on in expectation of profit.

CHAPTER 3

UNEARNED INCOME

Introduction

65. This Chapter provides for the calculation of a person's unearned income for the purposes of section 8 of the Act (calculation of awards).

What is included in unearned income?

66.—(1) A person's unearned income is any of their income, including income the person is treated as having by virtue of regulation 74 (notional unearned income), falling within the following descriptions—

- (a) retirement pension income (see regulation 67);
- (b) any of the following benefits to which the person is entitled, subject to any adjustment to the amount payable in accordance with regulations under section 73 of the Social Security Administration Act 1992⁽⁵⁷⁾ (overlapping benefits)—
 - (i) jobseeker's allowance,
 - (ii) employment and support allowance,
 - (iii) carer's allowance,
 - (iv) bereavement allowance,
 - (v) widowed mother's allowance,
 - (vi) widowed parent's allowance,
 - (vii) widow's pension,
 - (viii) maternity allowance, or
 - (ix) industrial injuries benefit, excluding any increase in that benefit under section 104 or 105 of the Contributions and Benefits Act (increases where constant attendance needed and for exceptionally severe disablement);
- (c) any benefit, allowance, or other payment which is paid under the law of a country outside the United Kingdom and is analogous to a benefit mentioned in sub-paragraph (b);
- (d) payments made towards the maintenance of the person by their spouse, civil partner, former spouse or former civil partner under a court order or an agreement for maintenance;
- (e) student income (see regulation 68);
- (f) a payment made under section 2 of the Employment and Training Act 1973 or section 2 of the Enterprise and New Towns (Scotland) Act 1990 which is a substitute for universal credit or is for a person's living expenses;
- (g) a payment made by one of the Sports Councils named in section 23(2) of the National Lottery etc. Act 1993⁽⁵⁸⁾ out of sums allocated to it for distribution where the payment is for the person's living expenses;
- (h) a payment received under an insurance policy to insure against—
 - (i) the risk of losing income due to illness, accident or redundancy, or

⁽⁵⁷⁾ 1992 c.5.

⁽⁵⁸⁾ 1983 c.44.

- (ii) the risk of being unable to maintain payments on a loan, but only to the extent that the payment is in respect of owner-occupier payments within the meaning of paragraph 4 of Schedule 1 in respect of which an amount is included in an award for the housing costs element;
 - (i) income from an annuity (other than retirement pension income), unless disregarded under regulation 75 (compensation for personal injury);
 - (j) income from a trust, unless disregarded under regulation 75 (compensation for personal injury) or 76 (special schemes for compensation);
 - (k) income that is treated as the yield from a person's capital by virtue of regulation 72;
 - (l) capital that is treated as income by virtue of regulation 46(3) or (4);
 - (m) income that does not fall within sub-paragraphs (a) to (l) and is taxable under Part 5 of the Income Tax (Trading and Other Income) Act 2005⁽⁵⁹⁾ (miscellaneous income).
- (2) In paragraph (1)(f) and (g) a person's living expenses are the cost of—
- (a) food;
 - (b) ordinary clothing or footwear;
 - (c) household fuel, rent or other housing costs (including council tax),
- for the person, their partner and any child or qualifying young person for whom the person is responsible.

Meaning of “retirement pension income”

67.—(1) Subject to paragraph (2), in regulation 66(1)(a) “retirement pension income” has the same meaning as in section 16 of the State Pension Credit Act 2002⁽⁶⁰⁾ as extended by regulation 16 of the State Pension Credit Regulations 2002⁽⁶¹⁾.

(2) Retirement pension income includes any increase in a Category A or Category B retirement pension mentioned in section 16(1)(a) of the State Pension Credit Act 2002 which is payable under Part 4 of the Contributions and Benefits Act in respect of a person's partner.

Person treated as having student income

68.—(1) A person who is undertaking a course (see regulation 13) and has a student loan or a grant in respect of that course, is to be treated as having student income in respect of—

- (a) an assessment period in which the course begins;
- (b) in the case of a course which lasts for two or more years, an assessment period in which the second or subsequent year begins;
- (c) any other assessment period in which, or in any part of which, the person is undertaking the course, excluding—
 - (i) an assessment period in which the long vacation begins or which falls within the long vacation, or
 - (ii) an assessment period in which the course ends.

(2) Where a person has a student loan, their student income for any assessment period referred to in paragraph (1) is to be based on the amount of that loan.

⁽⁵⁹⁾ 2005 c. 5.

⁽⁶⁰⁾ 2002 c.16.

⁽⁶¹⁾ S.I. 2002/1972.

(3) Where paragraph (2) applies, any grant in relation to the period to which the loan applies is to be disregarded except for—

- (a) any specific amount included in the grant to cover payments which are rent payments in respect of which an amount is included in an award of universal credit for the housing costs element;
- (b) any amount intended for the maintenance of another person in respect of whom an amount is included in the award.

(4) Where paragraph (2) does not apply, the person's student income for any assessment period in which they are treated as having that income is to be based on the amount of their grant.

(5) A person is to be treated as having a student loan where the person could acquire such a loan by taking reasonable steps to do so.

(6) Student income does not include any payment referred to in regulation 66(1)(f) (training allowances).

(7) In this regulation and regulations 69 to 71—

“grant” means any kind of educational grant or award, excluding a student loan or a payment made under a scheme to enable persons under the age of 21 to complete courses of education or training that are not advanced education;

“the long vacation” is a period of no less than one month which, in the opinion of the Secretary of State, is the longest vacation during a course which is intended to last for two or more years;

“student loan” means a loan towards a student's maintenance pursuant to any regulations made under section 22 of the Teaching and Higher Education Act 1998(62), section 73 of the Education (Scotland) Act 1980(63) or Article 3 of the Education (Student Support) (Northern Ireland) Order 1998(64) and includes, in Scotland, a young student's bursary paid under regulation 4(1)(c) of the Students' Allowances (Scotland) Regulation 2007(65).

Calculation of student income - student loans

69.—(1) Where, in accordance with regulation 68(2), a person's student income is to be based on the amount of a student loan for a year, the amount to be taken into account is the maximum student loan (including any increases for additional weeks) that the person would be able to acquire in respect of that year by taking reasonable steps to do so.

(2) For the purposes of calculating the maximum student loan in paragraph (1) it is to be assumed no reduction has been made on account of—

- (a) the person's means or the means of their partner, parent or any other person; or
- (b) any grant made to the person.

Calculation of student income - grants

70. Where, in accordance with regulation 68(4), a person's student income is to be based on the amount of a grant, the amount to be taken into account is the whole of the grant excluding any payment—

- (a) intended to meet tuition fees or examination fees;
- (b) in respect of the person's disability;

(62) 1998 c.30.

(63) 1980 c.44.

(64) S.I. 1998/1760 (N.I. 14).

(65) S.S.I. 2007/153.

- (c) intended to meet additional expenditure connected with term time residential study away from the person's educational establishment;
- (d) intended to meet the cost of the person maintaining a home at a place other than that at which they reside during their course, except where an award of universal credit includes an amount for the housing costs element in respect of those costs;
- (e) intended for the maintenance of another person, but only if an award of universal credit does not include any amount in respect of that person;
- (f) intended to meet the cost of books and equipment;
- (g) intended to meet travel expenses incurred as a result of the person's attendance on the course; or
- (h) intended to meet childcare costs.

Calculation of student income - amount for an assessment period

71. The amount of a person's student income in relation to each assessment period in which the person is to be treated as having student income in accordance with regulation 68(1) is calculated as follows.

Step 1

Determine whichever of the following amounts is applicable—

- (a) (a) if regulation 68(2) applies (person with a student loan) the amount of the loan (and, if applicable, the amount of any grant) in relation to the year of the course in which the assessment period falls; or
- (b) (b) if regulation 68(4) applies (person with a grant but no student loan) the amount of the grant in relation to the year of the course in which the assessment period falls.

But if the period of the course is less than a year determine the amount of the grant or loan in relation to the course.

Step 2

Determine in relation to—

- (a) (a) the year of the course in which the assessment period falls; or
- (b) (b) if the period of the course is less than a year, the period of the course,

the number of assessment periods for which the person is to be treated as having student income under regulation 68(1).

Step 3

Divide the amount produced by step 1 by the number of assessment periods produced by step 2.

Step 4

Deduct £110.

General

Assumed yield from capital

72.—(1) A person's capital is to be treated as yielding a monthly income of £4.35 for each £250 in excess of £6,000 and £4.35 for any excess which is not a complete £250.

(2) Paragraph (1) does not apply where the capital is disregarded or the actual income from that capital is taken into account under regulation 66(1)(i) (income from an annuity) or (j) (income from a trust).

(3) Where a person's capital is treated as yielding income, any actual income derived from that capital, for example rental, interest or dividends, is to be treated as part of the person's capital from the day it is due to be paid to the person.

Unearned income calculated monthly

73.—(1) A person's unearned income is to be calculated as a monthly amount.

(2) Where the period in respect of which a payment of income is made is not a month, an amount is to be calculated as the monthly equivalent, so for example—

- (a) weekly payments are multiplied by 52 and divided by 12;
- (b) four weekly payments are multiplied by 13 and divided by 12;
- (c) three monthly payments are multiplied by 4 and divided by 12; and
- (d) annual payments are divided by 12.

(3) Where the amount of a person's unearned income fluctuates, the monthly equivalent is to be calculated—

- (a) where there is an identifiable cycle, over the duration of one such cycle; or
 - (b) where there is no identifiable cycle, over three months or such other period as may, in the particular case, enable the monthly equivalent of the person's income to be determined more accurately.
- (4) This regulation does not apply to student income.

Notional unearned income

74.—(1) If unearned income would be available to a person upon the making of an application for it, the person is to be treated as having that unearned income.

(2) Paragraph (1) does not apply to the benefits listed in regulation 66(1)(b).

(3) A person who has reached the qualifying age for state pension credit is to be treated as possessing the amount of any retirement pension income for which no application has been made and to which the person might expect to be entitled if a claim were made.

(4) The circumstances in which a person is to be treated as possessing retirement pension income for the purposes of universal credit are the same as the circumstances set out in regulation 18 of the State Pension Credit Regulations 2002(66) in which a person is treated as receiving retirement pension income for the purposes of state pension credit.

CHAPTER 4

MISCELLANEOUS

Compensation for personal injury

75.—(1) This regulation applies where a sum has been awarded to a person, or has been agreed by or behalf of a person, in consequence of a personal injury to that person.

(2) If, in accordance with an order of the court or an agreement, the person receives all or part of that sum by way of regular payments, those payments are to be disregarded in the calculation of the person's unearned income.

(3) If the sum has been used to purchase an annuity, payments under the annuity are to be disregarded in the calculation of the person's unearned income.

(4) If the sum is held in trust, any capital of the trust derived from that sum is to be disregarded in the calculation of the person's capital and any income from the trust is to be disregarded in the calculation of the person's unearned income.

(5) If the sum is administered by the court on behalf of the person or can only be disposed of by direction of the court, it is to be disregarded in the calculation of the person's capital and any regular payments from that amount are to be disregarded in the calculation of the person's unearned income.

(6) If the sum is not held in trust or has not been used to purchase an annuity or otherwise disposed of, but has been paid to the person within the past 12 months, that sum is to be disregarded in the calculation of the person's capital.

Special schemes for compensation etc.

76.—(1) This regulation applies where a person receives a payment from a scheme established or approved by the Secretary of State or from a trust established with funds provided by the Secretary of State for the purpose of—

- (a) providing compensation in respect of—
 - (i) a person having been diagnosed with variant Creutzfeldt-Jacob disease or infected from contaminated blood products,
 - (ii) the bombings in London on 7th July 2005,
 - (iii) persons who have been interned or suffered forced labour, injury, property loss or loss of a child during the Second World War; or
- (b) supporting persons with a disability to live independently in their accommodation.

(2) Any such payment, if it is capital, is to be disregarded in the calculation of the person's capital and, if it is income, is to be disregarded in the calculation of the person's income.

(3) In relation to a claim for universal credit made by the partner, parent, son or daughter of a diagnosed or infected person referred to in paragraph (1)(a)(i) a payment received from the scheme or trust, or from the diagnosed or infected person or from their estate is to be disregarded if it would be disregarded in relation to an award of state pension credit by virtue of paragraph 13 or 15 of Schedule 5 to the State Pension Credit Regulations 2002.

Company analogous to a partnership or one person business

77.—(1) Where a person stands in a position analogous to that of a sole owner or partner in relation to a company which is carrying on a trade or a property business, the person is to be treated, for the purposes of this Part, as the sole owner or partner.

(2) Where paragraph (1) applies, the person is to be treated, subject to paragraph (3)(a), as possessing an amount of capital equal to the value, or the person's share of the value, of the capital of the company and the value of the person's holding in the company is to be disregarded.

- (3) Where paragraph (1) applies in relation to a company which is carrying on a trade—
 - (a) any assets of the company that are used wholly and exclusively for the purposes of the trade are to be disregarded from the person's capital while they are engaged in activities in the course of that trade;
 - (b) the income of the company or the person's share of that income is to be treated as the person's income and calculated in the manner set out in regulation 57 as if it were self-employed earnings; and

- (c) where the person's activities in the course of the trade are their main employment, the person is to be treated as if they were in gainful self-employment and, accordingly, regulation 62 (minimum income floor) applies in relation to any assessment period where the amount of the person's earned income is below the minimum income floor specified in paragraph (2) of that regulation.
- (4) Any self-employed earnings which the person is treated as having by virtue of paragraph (3) (b) are in addition to any employed earnings the person receives as a director or employee of the company.
- (5) This regulation does not apply where the person derives income from the company that is employed earnings by virtue of Chapter 8 (workers under arrangements made by intermediaries) or Chapter 9 (managed service companies) of Part 2 of ITEPA.
- (6) In paragraph (1) "property business" has the meaning in section 204 of the Corporation Tax Act 2009(67).

PART 7

THE BENEFIT CAP

Introduction

78.—(1) This Part makes provision for a benefit cap under section 96 of the Act which, if applicable, reduces the amount of an award of universal credit.

(2) In this Part "couple" means—

- (a) joint claimants; or
- (b) a single claimant who is a member of a couple within the meaning of section 39 of the Act and the other member of that couple,

and references to a couple include each member of that couple individually.

Circumstances where the benefit cap applies

79.—(1) Unless regulation 82 or 83 applies, the benefit cap applies where the welfare benefits to which a single person or couple is entitled during the reference period exceed the relevant amount.

(2) The reference period for the purposes of the benefit cap is the assessment period for an award of universal credit.

(3) The "relevant amount" is—

- (a) £2167 for joint claimants or a single claimant who is responsible for a child or qualifying young person; or
- (b) £1517 for a single claimant who is not responsible for a child or qualifying young person.

(4) The welfare benefits referred to in paragraph (1) are—

- (a) bereavement allowance;
- (b) carer's allowance;
- (c) child benefit under section 141 of the Contributions and Benefits Act;
- (d) employment and support allowance;
- (e) guardian's allowance under section 77 of the Contributions and Benefits Act;

- (f) jobseeker's allowance;
- (g) maternity allowance;
- (h) universal credit;
- (i) widowed mother's allowance;
- (j) widowed parent's allowance;
- (k) widow's pension.

Manner of determining total entitlement to welfare benefits

80.—(1) Subject to the following provisions of this regulation, the amount of a welfare benefit to be used when determining total entitlement to welfare benefits is the amount to which the single person or couple is entitled during the reference period subject to any adjustment to the amount payable in accordance with regulations under section 73 of the Social Security Administration Act 1992⁽⁶⁸⁾ (overlapping benefits).

(2) Where the welfare benefit is universal credit, the amount to be used is the amount to which the claimant is entitled before any reduction under regulation 81 or under section 26 or 27 of the Act.

(3) Where a person is disqualified for receiving an employment and support allowance by virtue of section 18 of the Welfare Reform Act 2007, it is disregarded as a welfare benefit.

(4) Where an amount of a welfare benefit is taken into account in assessing a single person's or a couple's unearned income for the purposes of an award of universal credit the amount to be used is the amount taken into account as unearned income in accordance with regulation 66.

(5) Where a welfare benefit is awarded in respect of a period that is not a month, the amount is to be calculated as the monthly equivalent as set out in regulation 73 (unearned income calculated monthly).

Reduction of universal credit

81.—(1) Where the benefit cap applies in relation to an assessment period for an award of universal credit, the amount of the award for that period is to be reduced by—

- (a) the excess; minus
- (b) any amount included in the award for the childcare costs element in relation to that assessment period.

(2) But no reduction is to be applied where the amount of the childcare costs element is greater than the excess.

(3) The excess is the total amount of welfare benefits that the single person or the couple are entitled to in the reference period, minus the relevant amount applicable under regulation 79(3).

Exceptions - earnings

82.—(1) The benefit cap does not apply to an award of universal credit in relation to an assessment period where—

- (a) the claimant's earned income or, if the claimant is a member of a couple, the couple's combined earned income, is equal to or exceeds £430; or
- (b) the assessment period falls within a grace period or is an assessment period in which a grace period begins or ends.

(68) 1992 c.5.

(2) A grace period is a period of 9 consecutive months that begins on the most recent of the following days in respect of which the condition in paragraph (3) is met—

- (a) a day falling within the current period of entitlement to universal credit which is the first day of an assessment period in which the claimant's earned income (or, if the claimant is a member of a couple, the couple's combined earned income) is less than the amount mentioned in paragraph (1)(a);
- (b) a day falling before the current period of entitlement to universal credit which is the day after a day on which the claimant has ceased paid work.

(3) The condition is that, in each of the 12 months immediately preceding that day, the claimant's earned income or, if the claimant was a member of a couple, the couple's combined earned income was equal to or exceeded the amount mentioned in paragraph (1)(a).

(4) "Earned income" for the purposes of this regulation does not include income a person is treated as having by virtue of regulation 62 (minimum income floor).

Exceptions - entitlement or receipt of certain benefits

83.—(1) The benefit cap does not apply in relation to any assessment period where—

- (a) the LCWRA element is included in the award of universal credit or the claimant is receiving an employment and support allowance that includes the support component;
- (b) a claimant is receiving industrial injuries benefit;
- (c) a claimant is receiving attendance allowance;
- (d) a claimant is receiving a war pension;
- (e) a claimant is receiving a payment under article 15(1)(c) or article 29(1)(a) of the Armed Forces and Reserve Forces (Compensation Scheme) Order 2011⁽⁶⁹⁾;
- (f) a claimant, or a child or qualifying young person for whom a claimant is responsible, is receiving disability living allowance;
- (g) a claimant, or a qualifying young person for whom a claimant is responsible, is receiving personal independence payment;
- (h) a claimant, or a child or qualifying young person for whom a claimant is responsible, is entitled to a payment listed in sub-paragraph (b), (c), (d), or (e) but—
 - (i) is not receiving it by virtue of regulation 6 (hospitalisation) or regulation 7 (persons in care homes) of the Social Security (Attendance Allowance) Regulations 1991⁽⁷⁰⁾,
 - (ii) it is being withheld by virtue of article 53 of the Naval, Military and Air Forces etc (Disablement and Death) Service Pensions Order 2006⁽⁷¹⁾ (maintenance in hospital or an institution),
 - (iii) is not receiving it by virtue of regulation 8 (hospitalisation) or regulation 9 (persons in care homes) of the Social Security (Disability Living Allowance) Regulations 1991⁽⁷²⁾, or
 - (iv) in the case of personal independence payment, is not receiving it by virtue of regulations under section 85 (care home residents) or 86 (hospital in-patients) of the Act.

(2) For the purposes of this regulation, "war pension" means—

⁽⁶⁹⁾ S.I. 2011/517.

⁽⁷⁰⁾ S.I. 1991/2740. Relevant amendments made by S.I. 1992/2869, 1999/1326 and 2007/2875.

⁽⁷¹⁾ S.I. 2006/606.

⁽⁷²⁾ S.I. 1991/2890. Relevant amendments made by S.I. 1992/2869, 1999/1326, 2000/1401, 2007/2875 and 2010/1172.

- (a) any pension or allowance payable under any of the instruments listed in section 639(2) of ITEPA—
 - (i) to a widow, widower or a surviving civil partner, or
 - (ii) in respect of disablement;
- (b) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
- (c) a payment which is made under any of—
 - (i) the Order in Council of 19th December 1881,
 - (ii) the Royal Warrant of 27th October 1884, or
 - (iii) the Order by His Majesty of 14th January 1922,
 to a widow, widower or surviving civil partner of a person whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown and whose service in such capacity terminated before 31st March 1973;
- (d) a pension paid by the government of a country outside the United Kingdom which is analogous to any of the pensions, allowances or payments mentioned in paragraphs (a) to (c).

PART 8

CLAIMANT RESPONSIBILITIES

CHAPTER 1

WORK-RELATED REQUIREMENTS

Introductory

Introduction

84. This Chapter contains provisions about the work-related requirements under sections 15 to 25 of the Act, including the persons to whom they are to be applied, the limitations on those requirements and other related matters.

Meaning of terms relating to carers

85. In this Chapter—

“relevant carer” means—

- (a) a parent of a child who is not the responsible carer, but has caring responsibilities for the child; or
- (b) a person who has caring responsibilities for a person who has a physical or mental impairment; and

“responsible foster parent” in relation to a child means a person who is the only foster parent in relation to that child or, in the case of a couple both members of which are foster parents in relation to that child, the member who is nominated by them in accordance with regulation 86.

Nomination of responsible carer and responsible foster parent

86.—(1) This regulation makes provision for the nomination of the responsible carer or the responsible foster parent in relation to a child.

(2) Only one of joint claimants may be nominated as a responsible carer or a responsible foster parent.

(3) The nomination applies to all the children, where there is more than one, for whom either of the joint claimants is responsible.

(4) Joint claimants may change which member is nominated—

- (a) once in a 12 month period, starting from the date of the previous nomination; or
- (b) on any occasion where the Secretary of State considers that there has been a change of circumstances which is relevant to the nomination.

References to paid work

87. References in this Chapter to obtaining paid work include obtaining more paid work or better paid work.

Expected hours

88.—(1) The “expected number of hours per week” in relation to a claimant for the purposes of determining their individual threshold in regulation 90 or for the purposes of regulation 95 or 97 is 35 unless some lesser number of hours applies under paragraph (2).

(2) The lesser number of hours is—

- (a) where—
 - (i) the claimant is a relevant carer, a responsible carer or a responsible foster parent, and
 - (ii) the Secretary of State is satisfied that the claimant has reasonable prospects of obtaining paid work,

the number of hours that the Secretary of State considers is compatible with those caring responsibilities;

- (b) where the claimant is a responsible carer for a child under the age of 13, the number of hours that the Secretary of State considers is compatible with the child’s normal school hours (including the normal time it takes the child to travel to and from school); or
- (c) where the claimant has a physical or mental impairment, the number of hours that the Secretary of State considers is reasonable in light of the impairment.

Work-related groups

Claimants subject to no work-related requirements

89.—(1) A claimant falls within section 19 of the Act (claimants subject to no work-related requirements) if—

- (a) the claimant has reached the qualifying age for state pension credit;
- (b) the claimant has caring responsibilities for one or more severely disabled persons for at least 35 hours a week but does not meet the conditions for entitlement to a carer’s allowance and the Secretary of State is satisfied that it would be unreasonable to require the claimant to comply with a work search requirement and a work availability requirement, including if such a requirement were limited in accordance with section 17(4) or 18(3) of the Act;

- (c) the claimant is pregnant and it is 11 weeks or less before her expected week of confinement, or was pregnant and it is 15 weeks or less since the date of her confinement;
 - (d) the claimant is an adopter and it is 12 months or less since—
 - (i) the date that the child was placed with the claimant, or
 - (ii) if the claimant requested that the 12 months should run from a date within 14 days before the child was expected to be placed, that date;
 - (e) the claimant does not have to meet the condition in section 4(1)(d) of the Act (not receiving education) by virtue of regulation 14 and—
 - (i) is a person referred to in paragraph (a) of that regulation (under 21, in non-advanced education and without parental support), or
 - (ii) has student income in relation to the course they are undertaking which is taken into account in the calculation of the award; or
 - (f) the claimant is the responsible foster parent of a child under the age of 1.
- (2) In paragraph (1)(b) “severely disabled” has the meaning in section 70 of the Contributions and Benefits Act.
- (3) In paragraph (1)(d)—
- (a) “adopter” means a person who has been matched with a child for adoption and who is, or is intended to be, the responsible carer for the child, but excluding a person who is a foster parent or close relative of the child; and
 - (b) a person is matched with a child for adoption when it is decided by an adoption agency that the person would be a suitable adoptive parent for the child.

Claimants subject to no work-related requirements - the earnings thresholds

90.—(1) A claimant falls within section 19 of the Act (claimants subject to no work-related requirements) if the claimant’s weekly earnings are equal to or exceed the claimant’s individual threshold.

(2) A claimant’s individual threshold is the amount that a person of the same age as the claimant would be paid at the hourly rate applicable under regulation 11 or regulation 13(1) or (2) of the National Minimum Wage Regulations for—

- (a) 16 hours per week, in the case of a claimant who would otherwise fall within section 20 (claimants subject to work-focused interview requirement only) or section 21 (claimants subject to work-preparation requirement) of the Act; or
- (b) the expected number of hours per week in the case of a claimant who would otherwise fall within section 22 of the Act (claimants subject to all work-related requirements).

(3) A claimant who is a member of a couple falls within section 19 of the Act if the couple’s combined weekly earnings are equal to or exceed whichever of the following amounts is applicable—

- (a) in the case of joint claimants, the sum of their individual thresholds; or
- (b) in the case of a claimant who claims universal credit as a single person by virtue of regulation 3(3), the sum of—
 - (i) the claimant’s individual threshold, and
 - (ii) the amount a person would be paid for 35 hours per week at the hourly rate specified in regulation 11 of the National Minimum Wage Regulations.

(4) A claimant falls within section 19 of the Act if the claimant is employed under a contract of apprenticeship and has weekly earnings that are equal to or exceed the amount they would be paid for—

- (a) 30 hours a week; or
- (b) if less, the expected number of hours per week for that claimant,

at the rate specified in regulation 13(3) of the National Minimum Wage Regulations.

(5) A claimant who is treated as having earned income in accordance with regulation 62 (minimum income floor) in respect of an assessment period is to be taken to have weekly earnings equal to their individual threshold in respect of any week falling within that assessment period.

(6) A person's weekly earnings are the person's earned income taken as a weekly average by reference to—

- (a) the amount of that earned income calculated or estimated in relation to the current assessment period before any deduction for income tax, national insurance contributions or relievable pension contributions; or
- (b) in a case where the person's earned income fluctuates (or is likely to fluctuate) the amount of that income—
 - (i) where there is an identifiable cycle, over the duration of one such cycle, or
 - (ii) where there is no identifiable cycle, over three months or such other period as may, in the particular case, enable the weekly average to be determined more accurately.

(7) In this regulation “the National Minimum Wage Regulations” means the National Minimum Wage Regulations 1999(73).

Claimants subject to work-focused interview requirement only

91.—(1) For the purposes of section 20(1)(a) of the Act (claimant is the responsible carer for a child aged at least 1 and under a prescribed age) the prescribed age is 5.

(2) A claimant falls within section 20 of the Act if—

- (a) the claimant is the responsible foster parent in relation to a child aged at least 1;
- (b) the claimant is the responsible foster parent in relation to a qualifying young person, and the Secretary of State is satisfied that the qualifying young person has care needs which would make it unreasonable to require the claimant to comply with a work search requirement or a work availability requirement, including if such a requirement were limited in accordance with section 17(4) or 18(3) of the Act;
- (c) the claimant is a foster parent, but not the responsible foster parent, in relation to a child or qualifying young person, and the Secretary of State is satisfied that the child or qualifying young person has care needs which would make it unreasonable to require the claimant to comply with a work search requirement or a work availability requirement, including if such a requirement were limited in accordance with section 17(4) or 18(3) of the Act;
- (d) the claimant has fallen within sub-paragraph (a), (b) or (c) within the past 8 weeks and has no child or qualifying young person currently placed with them, but expects to resume being a foster parent; or
- (e) the claimant has become a friend or family carer in relation to a child within the past 12 months and is also the responsible carer in relation to that child.

(3) In paragraph (2)(e) “friend or family carer” means a person who is responsible for a child, but is not the child’s parent or step-parent, and has undertaken the care of the child in the following circumstances—

- (a) the child has no parent or has parents who are unable to care for the child; or
- (b) it is likely that the child would otherwise be looked after by a local authority because of concerns in relation to the child’s welfare.

Claimants subject to all work-related requirements - EEA jobseekers

92.—(1) A claimant who is—

- (a) a person mentioned in regulation 6(1)(a) of the EEA Regulations;
- (b) a person who is treated as a worker for the purposes of regulation 6(1)(b) of the EEA Regulations by reason of satisfying the conditions set out in regulation 6(2)(b) of those Regulations; or
- (c) a person who has a right to reside by virtue of article 45 of the Treaty on the Functioning of the European Union (in a case where the person is seeking work in the United Kingdom, Channel Islands, Isle of Man or the Republic of Ireland),

and who would otherwise fall within section 19, 20 or 21 of the Act, is to be treated as not falling within any of those sections.

(2) A claimant who is a family member of a person mentioned in paragraph (1)(a) or (c) and who would otherwise fall within section 19, 20 or 21 of the Act, is to be treated as not falling within any of those sections.

(3) In this regulation “family member” has the same meaning as in regulation 7(1)(a), (b) or (c) of the EEA Regulations

The work-related requirements

Purposes of a work-focused interview

93. The purposes of a work-focused interview are any or all of the following—

- (a) assessing the claimant’s prospects for remaining in or obtaining paid work;
- (b) assisting or encouraging the claimant to remain in or obtain paid work;
- (c) identifying activities that the claimant may undertake that will make remaining in or obtaining paid work more likely;
- (d) identifying training, educational or rehabilitation opportunities for the claimant which may make it more likely that the claimant will remain in or obtain paid work or be able to do so;
- (e) identifying current or future work opportunities for the claimant that are relevant to the claimant’s needs and abilities;
- (f) ascertaining whether a claimant is in gainful self-employment or meets the conditions in regulation 63 (start-up period).

Work search requirement - interviews

94. A claimant is to be treated as not having complied with a work search requirement to apply for a particular vacancy for paid work where the claimant fails to participate in an interview offered to the claimant in connection with the vacancy.

Work search requirement - all reasonable action

95.—(1) A claimant is to be treated as not having complied with a work search requirement to take all reasonable action for the purpose of obtaining paid work in any week unless—

- (a) either—
 - (i) the time which the claimant spends taking action for the purpose of obtaining paid work is at least the claimant’s expected number of hours per week minus any relevant deductions, or
 - (ii) the Secretary of State is satisfied that the claimant has taken all reasonable action for the purpose of obtaining paid work despite the number of hours that the claimant spends taking such action being lower than the expected number of hours per week; and
- (b) that action gives the claimant the best prospects of obtaining work.

(2) In this regulation “relevant deductions” means the total of any time agreed by the Secretary of State—

- (a) for the claimant to carry out paid work, voluntary work, a work preparation requirement, or voluntary work preparation in that week; or
- (b) for the claimant to deal with temporary childcare responsibilities, a domestic emergency, funeral arrangements or other temporary circumstances.

(3) For the purpose of paragraph (2)(a) the time agreed by the Secretary of State for the claimant to carry out voluntary work must not exceed 50% of the claimant’s expected number of hours per week.

(4) “Voluntary work preparation” means particular action taken by a claimant and agreed by the Secretary of State for the purpose of making it more likely that the claimant will obtain paid work, but which is not specified by the Secretary of State as a work preparation requirement under section 16 of the Act.

Work availability requirement - able and willing immediately to take up paid work

96.—(1) Subject to paragraph (2) a claimant is to be treated as not having complied with a work availability requirement if the claimant is not able and willing immediately to attend an interview offered to the claimant in connection with obtaining paid work.

(2) But a claimant is to be treated as having complied with a work availability requirement despite not being able immediately to take up paid work, if paragraph (3), (4) or (5) applies.

- (3) This paragraph applies where—
 - (a) a claimant is a responsible carer or a relevant carer;
 - (b) the Secretary of State is satisfied that, as a consequence the claimant needs a longer period of up to 1 month to take up paid work, or up to 48 hours to attend an interview in connection with obtaining work, taking into account alternative care arrangements; and
 - (c) the claimant is able and willing to take up paid work, or attend an interview, on being given notice for that period.
- (4) This paragraph applies where—
 - (a) a claimant is carrying out voluntary work;
 - (b) the Secretary of State is satisfied that, as a consequence, the claimant needs a longer period of up to 1 week to take up paid work, or up to 48 hours to attend an interview in connection with obtaining work; and

- (c) the claimant is able and willing to take up paid work, or attend an interview, on being given notice for that period.
- (5) This paragraph applies where a claimant—
 - (a) is employed under a contract of service;
 - (b) is required by section 86 of the Employment Rights Act 1996⁽⁷⁴⁾, or by the contract of service, to give notice to terminate the contract;
 - (c) is able and willing to take up paid work once the notice period has expired; and
 - (d) is able and willing to attend an interview on being given 48 hours notice.

Work search requirement and work availability requirement - limitations

97.—(1) Paragraphs (2) to (5) set out the limitations on a work search requirement and a work availability requirement.

(2) In the case of a claimant who is a relevant carer or a responsible carer or who has a physical or mental impairment, a work search and work availability requirement must be limited to the number of hours that is determined to be the claimant’s expected number of hours per week in accordance with regulation 88.

(3) A work search and work availability requirement must be limited to work that is in a location which would normally take the claimant—

- (a) a maximum of 90 minutes to travel from home to the location; and
- (b) a maximum of 90 minutes to travel from the location to home.

(4) Where a claimant has previously carried out work of a particular nature, or at a particular level of remuneration, a work search requirement and a work availability requirement must be limited to work of a similar nature, or level of remuneration, for such period as the Secretary of State considers appropriate, but only if the Secretary of State is satisfied that the claimant will have reasonable prospects of obtaining paid work in spite of such limitation.

(5) The limitation in paragraph (4) is to apply for no more than 3 months beginning with—

- (a) the date of claim; or
- (b) if later, the date on which the claimant ceases paid work after falling within section 19 of the Act by virtue of regulation 90 (claimants subject to no work-related requirements - the earnings thresholds).

(6) Where a claimant has a physical or mental impairment that has a substantial adverse effect on the claimant’s ability to carry out work of a particular nature, or in particular locations, a work search or work availability requirement must not relate to work of such a nature or in such locations.

Victims of domestic violence

98.—(1) Where a claimant has recently been a victim of domestic violence, and the circumstances set out in paragraph (3) apply—

- (a) a work-related requirement imposed on that claimant ceases to have effect for a period of 13 consecutive weeks starting on the date of the notification referred to in paragraph (3) (a); and
- (b) the Secretary of State must not impose any other work-related requirement on that claimant during that period.

(2) A person has recently been a victim of domestic violence if a period of 6 months has not expired since the violence was inflicted or threatened.

(74) 1996 c.18.

- (3) The circumstances are that—
- (a) the claimant notifies the Secretary of State, in such manner as the Secretary of State specifies, that domestic violence has been inflicted on or threatened against the claimant by the claimant’s partner or former partner or by a family member during the period of 6 months ending on the date of the notification;
 - (b) this regulation has not applied to the claimant for a period of 12 months before the date of the notification;
 - (c) on the date of the notification the claimant is not living at the same address as the person who inflicted or threatened the domestic violence; and
 - (d) as soon as possible, and no later than 1 month, after the date of the notification the claimant provides evidence from a person acting in an official capacity which demonstrates that—
 - (i) the claimant’s circumstances are consistent with those of a person who has had domestic violence inflicted or threatened against them during the period of 6 months ending on the date of the notification, and
 - (ii) the claimant has made contact with the person acting in an official capacity in relation to such an incident, which occurred during that period.

- (4) In this regulation—

“domestic violence” means abuse of a kind specified on page 11, of section 2.2. of ‘Responding to domestic abuse: a handbook for health professionals’ published by the Department of Health in December 2005⁽⁷⁵⁾;

“family member”, in relation to a claimant, means the claimant’s grandparent, grandchild, parent, step-parent, parent-in-law, son, step-son, son-in-law, daughter, step-daughter, daughter-in-law, brother, step-brother, brother-in-law, sister, step-sister, sister-in-law and, if any of those persons is member of a couple, the other member of the couple;

“health care professional” means a person who is a member of a profession regulated by a body mentioned in section 25(3) of the National Health Service Reform and Health Care Professions Act 2002⁽⁷⁶⁾;

“person acting in an official capacity” means a health care professional, a police officer, a registered social worker, the claimant’s employer, a representative of the claimant’s trade union, or any public, voluntary or charitable body which has had direct contact with the claimant in connection with domestic violence;

“registered social worker” means a person registered as a social worker in a register maintained by—

- (a) The General Social Care Council;
- (b) The Care Council for Wales;
- (c) The Scottish Social Services Council; or
- (d) The Northern Ireland Social Care Council.

Circumstances in which requirements must not be imposed

- 99.**—(1) Where paragraph (3), (4), (5) or (6) applies—

- (a) the Secretary of State must not impose a work search requirement on a claimant; and

⁽⁷⁵⁾ The handbook is available on the Department of Health website www.dh.gov.uk at en/Publicationsandstatistics/PublicationsPolicyAndGuidance/DH-4126161 and from Department of Health Publications PO Box 777, London SE1 6XH.

⁽⁷⁶⁾ 2002 c.17.

- (b) “able and willing immediately to take up work” under a work availability requirement means able and willing to take up paid work, or attend an interview, immediately once the circumstances set out in paragraph (3), (4), (5) or (6) no longer apply.
- (2) A work search requirement previously applying to the claimant ceases to have effect from the date on which the circumstances set out in paragraph (3), (4), (5) or (6) begin to apply.
- (3) This paragraph applies where—
- (a) the claimant is attending a court or tribunal as a party to any proceedings or as a witness;
 - (b) the claimant is a prisoner;
 - (c) regulation 11(3) (temporary absence from Great Britain for treatment or convalescence) applies to the claimant;
 - (d) any of the following persons has died within the past 6 months—
 - (i) where the claimant was a member of a couple, the other member,
 - (ii) a child or qualifying young person for whom the claimant or, where the claimant is a member of a couple, the other member, was responsible, or
 - (iii) a child, where the claimant was the child’s parent;
 - (e) the claimant is, and has been for no more than 6 months, receiving and participating in a structured recovery-orientated course of alcohol or drug dependency treatment;
 - (f) the claimant is, and has been for no more than 3 months, a person for whom arrangements have been made by a protection provider under section 82 of the Serious Organised Crime and Police Act 2005⁽⁷⁷⁾; or
 - (g) the claimant is engaged in an activity of a kind approved by the Secretary of State as being in the nature of a public duty.
- (4) This paragraph applies where the claimant —
- (a) is unfit for work—
 - (i) for a period of no more than 14 consecutive days after the date that the evidence referred to in sub-paragraph (b) is provided, and
 - (ii) for no more than 2 such periods in any period of 12 months; and
 - (b) provides to the Secretary of State the following evidence—
 - (i) for the first 7 days when they are unfit for work, a declaration made by the claimant in such manner and form as the Secretary of State approves that the claimant is unfit for work, and
 - (ii) for any further days when they are unfit for work, if requested by the Secretary of State, a statement given by a doctor in accordance with the rules set out in Part 1 of Schedule 1 to the Medical Evidence Regulations which provides that the person is not fit for work.
- (5) This paragraph applies where the Secretary of State is satisfied that it would be unreasonable to require the claimant to comply with a work search requirement or a work availability requirement, including if such a requirement were limited in accordance with section 17(4) or 18(3) of the Act, because the claimant—
- (a) is carrying out a work preparation requirement or voluntary work preparation (as defined in regulation 95(4));
 - (b) has temporary child care responsibilities or is dealing with a domestic emergency, funeral arrangements or other temporary circumstances; or

(77) 2005 c.15.

(c) is unfit for work for longer than the period of 14 days specified in paragraph (4)(a) or for more than 2 such periods in any period of 12 months and, where requested by the Secretary of State, provides the evidence mentioned in paragraph (4)(b)(ii).

(6) This paragraph applies where the claimant's weekly earnings or, if the claimant is a member of a couple, the couple's combined weekly earnings are at a level where the Secretary of State is satisfied that a work search requirement or work availability requirement should not be imposed at the present time.

(7) In this regulation "tribunal" means any tribunal listed in Schedule 1 to the Tribunals and Inquiries Act 1992(78).

CHAPTER 2

SANCTIONS

Introduction

100.—(1) This Chapter contains provisions about the reduction in the amount of an award of universal credit in the event of a failure by a claimant which is sanctionable under section 26 or 27 of the Act ("a sanctionable failure").

(2) How the period of the reduction for each sanctionable failure is to be determined is dealt with in regulations 101 to 105.

(3) When the reduction begins or ceases to have effect is dealt with in regulations 106 to 109.

(4) How the amount of a reduction is calculated for an assessment period in which the reduction has effect is set out in regulations 110 and 111.

(5) Regulations 112 to 114 provide for some miscellaneous matters (movement of sanctions from a jobseeker's allowance or an employment and support allowance, cases in which no reduction is made for a sanctionable failure and prescription of work placement scheme for the purposes of section 26(2)(a) of the Act).

Reduction periods

General principles for calculating reduction periods

101.—(1) The number of days for which a reduction in the amount of an award is to have effect ("the reduction period") is to be determined in relation to each sanctionable failure in accordance with regulations 102 to 105, but subject to paragraphs (3) and (4).

(2) Reduction periods are to run consecutively.

(3) If the reduction period calculated in relation to a sanctionable failure in accordance with regulations 102 to 105 would result in the total outstanding reduction period exceeding 1095 days, the reduction period in relation to that failure is to be adjusted so that the total outstanding reduction period does not exceed 1095 days.

(4) In determining the reduction period in relation to a sanctionable failure, a previous sanctionable failure is disregarded if it occurred in the 14 days immediately preceding the failure in question.

(5) In paragraph (3) "the total outstanding reduction period" is the total number of days for which no reduction in an award under section 26 or 27 of the Act has yet been applied.

Higher-level sanction

102.—(1) This regulation specifies the reduction period for a sanctionable failure under section 26 of the Act (“higher level sanction”).

- (2) Where the sanctionable failure is not a pre-claim failure the reduction period is—
- (a) where the claimant is aged 18 or over on the date of the sanctionable failure—
 - (i) 91 days, if paragraphs (ii) and (iii) do not apply,
 - (ii) 182 days, if there was another sanctionable failure giving rise to a higher-level sanction in the 365 days preceding the failure in question for which a 91 day reduction period applies, or
 - (iii) 1095 days, if there was another sanctionable failure giving rise to a higher-level sanction in that period of 365 days for which a 182 day or 1095 day reduction period applies; or
 - (b) where the claimant is aged 16 or 17 on the date of the sanctionable failure—
 - (i) 14 days, if paragraph (ii) does not apply, or
 - (ii) 28 days, if there was another sanctionable failure giving rise to a higher-level sanction in the 365 days preceding the failure in question for which a 14 day or 28 day reduction period applies.

(3) But where the other sanctionable failure referred to in paragraph (2) was a pre-claim failure it is disregarded in determining the reduction period in accordance with that paragraph.

(4) Where the sanctionable failure for which a reduction period is to be determined is a pre-claim failure, the period is the lesser of—

- (a) the period that would be applicable to the claimant under paragraph (2) if it were not a pre-claim failure; or
- (b) where the sanctionable failure relates to paid work that was due to last for a limited period, the period beginning with the day after the date of the sanctionable failure and ending with the date on which the limited period would have ended,

minus the number of days beginning with the day after the date of the sanctionable failure and ending on the day before the date of claim.

(5) In this regulation “pre-claim failure” means a failure sanctionable under section 26(4) of the Act.

Medium-level sanction

103.—(1) This regulation specifies the reduction period for a sanctionable failure under section 27 of the Act (other sanctions) where it is a failure by the claimant to comply with—

- (a) a work search requirement under section 17(1)(a) (to take all reasonable action to obtain paid work etc.); or
 - (b) a work availability requirement under section 18(1).
- (2) The reduction period is—
- (a) where the claimant is aged 18 or over on the date of the sanctionable failure—
 - (i) 28 days, if paragraph (ii) does not apply, or
 - (ii) 91 days, if there was another sanctionable failure of a kind mentioned in paragraph (1) in the 365 days preceding the failure in question for which a 28 day or 91 day reduction period applies; or
 - (b) where the claimant is aged 16 or 17 years on the date of the sanctionable failure—

- (i) 7 days, if paragraph (ii) does not apply, or
- (ii) 14 days, if there was another sanctionable failure of a kind mentioned in paragraph (1) in the 365 days preceding the failure in question, for which a 7 day or 14 day reduction period applies.

Low-level sanction

104.—(1) This regulation specifies the reduction period for a sanctionable failure under section 27 of the Act (other sanctions) where —

- (a) the claimant falls within section 21 (claimants subject to work preparation requirement) or 22 (claimants subject to all work-related requirements) of the Act on the date of that failure; and
- (b) it is a failure to comply with—
 - (i) a work-focused interview requirement under section 15(1),
 - (ii) a work preparation requirement under section 16(1),
 - (iii) a work search requirement under section 17(1)(b) (to take any particular action specified by the Secretary of State to obtain work etc.), or
 - (iv) a requirement under section 23(1), (3) or (4) (connected requirements: interviews and verification of compliance).

(2) Where the claimant is aged 18 or over on the date of the sanctionable failure, the reduction period is the total of—

- (a) the number of days beginning with the date of the sanctionable failure and ending with—
 - (i) the day before the date on which the claimant meets a compliance condition specified by the Secretary of State,
 - (ii) the day before the date on which the claimant falls within section 19 of the Act (claimant subject to no work-related requirements),
 - (iii) the day before the date on which the claimant is no longer required to take a particular action specified as a work preparation requirement by the Secretary of State under section 16, or
 - (iv) the date on which the award terminates (other than by reason of the claimant ceasing to be, or becoming, a member of a couple),whichever is soonest; and
- (b) whichever of the following number of days is applicable in the claimant's case—

- (i) 7 days, if paragraphs (ii) and (iii) do not apply,
- (ii) 14 days, if there was another sanctionable failure of a kind mentioned in paragraph (1) in the 365 days preceding the failure in question for which a 7 day reduction period applies, or
- (iii) 28 days, if there was another sanctionable failure of a kind mentioned in paragraph (1) in the 365 days preceding the failure in question for which a 14 day or 28 day reduction period applies.

(3) Where the claimant is aged 16 or 17 years on the date of the sanctionable failure, the reduction period is—

- (a) the number of days beginning with the date of the sanctionable failure and ending with—
 - (i) the day before the date on which the claimant meets a compliance condition specified by the Secretary of State,

- (ii) the day before the date on which the claimant falls within section 19 of the Act (claimant subject to no work-related requirements),
 - (iii) the day before the date on which the claimant is no longer required to take a particular action specified as a work preparation requirement by the Secretary of State under section 16, or
 - (iv) date on which the award terminates (other than by reason of the claimant ceasing to be, or becoming, a member of a couple),
- whichever is soonest; and
- (b) if there was another sanctionable failure giving rise to a low level sanction in the 365 days preceding the failure in question, the number of days in sub-paragraph (a) plus 7 days.

Lowest-level sanction

105.—(1) This regulation specifies the reduction period for a sanctionable failure under section 27 of the Act (other sanctions) where it is a failure by a claimant who falls within section 20 of the Act (claimants subject to work-focused interview requirement only) to comply with a requirement under that section.

(2) The reduction period is the number of days beginning with the date of the sanctionable failure and ending with—

- (a) the day before the date on which the claimant meets a compliance condition specified by the Secretary of State;
- (b) the day before the date on which the claimant falls within section 19 of the Act (claimant subject to no work-related requirements); or
- (c) the day on which the award terminates (other than by reason of the claimant ceasing to be, or becoming, a member of a couple),

whichever is soonest.

When reduction to have effect

Start of the reduction

106. A reduction period determined in relation to a sanctionable failure takes effect from—

- (a) the first day of the assessment period in which the Secretary of State determines that the amount of the award is to be reduced under section 26 or 27 of the Act (but see also regulation 107(2));
- (b) if the amount of the award of universal credit for the assessment period referred to in paragraph (a) is not reduced in that period, the first day of the next assessment period; or
- (c) if the amount of the award for the assessment period referred to in paragraph (a) or (b) is already subject to a reduction because of a previous sanctionable failure, the first day in respect of which the amount of the award is no longer subject to that reduction.

Reduction period to continue where award terminates

107.—(1) If an award of universal credit terminates while there is an outstanding reduction period, the period continues to run as if a daily reduction were being applied and if the claimant becomes entitled to a new award (whether as single or joint claimant) before that period expires, that award is subject to a reduction for the remainder of the total outstanding reduction period.

(2) If an award of universal credit terminates before the Secretary of State determines that the amount of the award is to be reduced under section 26 or 27 of the Act in relation to a sanctionable failure and that determination is made after the claimant becomes entitled to a new award the reduction period in relation to that failure is to have effect for the purposes of paragraph (1) as if that determination had been made on the day before the previous award terminated.

Suspension of a reduction where fraud penalty applies

108.—(1) A reduction in the amount of an award under section 26 or 27 of the Act is to be suspended for any period during which the provisions of section 6B, 7 or 9 of the Social Security Fraud Act 2001(79) apply to the award.

(2) The reduction ceases to have effect on the day on which that period begins and begins again on the day after that period ends.

When a reduction is to be terminated

109.—(1) A reduction in the amount of an award under section 26 or 27 of the Act is to be terminated where—

- (a) since the date of the most recent sanctionable failure which gave rise to a reduction, the claimant has been in paid work for a period of, or for periods amounting in total to, at least 26 weeks; and
- (b) the claimant's weekly earnings during that period or those periods were equal to or exceeded—
 - (i) the claimant's individual threshold, or
 - (ii) if paragraph (4) of regulation 90 applies (threshold for an apprentice) the amount applicable under that paragraph.

(2) The termination of the reduction has effect—

- (a) where the date on which paragraph (1) is satisfied falls within a period of entitlement to universal credit, from the beginning of the assessment period in which that date falls; or
- (b) where that date falls outside a period of entitlement to universal credit, from the beginning of the first assessment period in relation to any subsequent award.

(3) A claimant who is treated as having earned income in accordance with regulation 62 (minimum income floor) in respect of an assessment period is to be taken to have weekly earnings equal to their individual threshold in respect of any week falling within that assessment period.

Amount of reduction

Amount of reduction for each assessment period

110. Where it has been determined that an award of universal credit is to be reduced under section 26 or 27 of the Act, the amount of the reduction for each assessment period in respect of which a reduction has effect is to be calculated as follows.

Step 1

Take the number of days—

- (a) (a) in the assessment period; or
- (b) (b) if lower, in the total outstanding reduction period,

(79) 2001 c.11. Section 6B was inserted by section 24(1) of the Welfare Reform Act 2009.

and deduct any days in that assessment period for which the reduction is suspended in accordance with regulation 108.

Step 2

Multiply the number of days produced by step 1 by the daily reduction rate (see regulation 111).

Step 3

If necessary, adjust the amount produced by step 2 so that it does not exceed—

- (a) (a) the amount of the standard allowance applicable to the award; or
- (b) in the case of a joint claim where a determination under section 26 or 27 of the Act applies only in relation to one claimant, half the amount of that standard allowance.

Step 4

Deduct the amount produced by steps 2 and 3 from the amount of the award for the assessment period after any deduction has been made in accordance with Part 7 (the benefit cap).

Daily reduction rate

111.—(1) The daily reduction rate for the purposes of regulation 110 is, unless paragraph (2), or (3) applies, an amount equal to the amount of the standard allowance that is applicable to the award multiplied by 12 and divided by 365.

(2) The daily reduction rate is 40% of the rate set out in paragraph (1) if, at the end of the assessment period—

- (a) the claimant is aged 16 or 17;
- (b) the claimant falls within section 19 of the Act (claimant subject to no work-related requirements) by virtue of—
 - (i) subsection (2)(c) of that section (responsible carer for a child under the age of 1), or
 - (ii) regulation 89(1)(c),(d) or (f) (adopter, claimant within 11 weeks before or 15 weeks after confinement or responsible foster parent of a child under the age of 1); or
- (c) the claimant falls within section 20 (claimant subject to work-focused interview only).

(3) The daily reduction rate is nil if, at the end of the assessment period, the claimant falls within section 19 of the Act by virtue of having limited capability for work and work-related activity.

(4) The amount of the rate in paragraphs (1) to (3) is to be rounded down to the nearest 10 pence.

(5) In the case of joint claimants—

- (a) each joint claimant is considered individually for the purpose of determining the rate applicable under paragraphs (1) to (3); and
- (b) half of any applicable rate is applied to each joint claimant accordingly.

Miscellaneous

Application of ESA or JSA sanctions to universal credit

112. Schedule 11 has effect in relation to persons who are, or have been, entitled to an employment and support allowance or a jobseeker's allowance and who are, or become, entitled to universal credit.

Failures for which no reduction is applied

113.—(1) No reduction is to be made under section 26 or 27 of the Act for a sanctionable failure where—

- (a) the sanctionable failure is listed in section 26(2)(b) or (c) (failure to apply for a particular vacancy for paid work, or failure to take up an offer of paid work) and the vacancy is because of a strike arising from a trade dispute;
- (b) the sanctionable failure is listed in section 26(2)(d) (claimant ceases paid work or loses pay), and the following circumstances apply—
 - (i) the claimant’s work search and work availability requirements are subject to limitations imposed under section 17(4) and 18(3) in respect of work available for a certain number of hours,
 - (ii) the claimant takes up paid work, or is in paid work and takes up more paid work that is for a greater number of hours, and
 - (iii) the claimant voluntarily ceases that paid work, or more paid work, or loses pay, within a trial period;
- (c) the sanctionable failure is that the claimant voluntarily ceases paid work, or loses pay, because of a strike arising from a trade dispute;
- (d) the sanctionable failure is that the claimant voluntarily ceases paid work as a member of the regular or reserve forces, or loses pay in that capacity;
- (e) the sanctionable failure is listed in section 26(4) (failure to take up an offer of paid work, or to cease paid work or lose pay before making a claim), and the period of the reduction that would otherwise apply under regulation 102(4) is the same as, or shorter than, the number of days beginning with the day after the date of the sanctionable failure and ending with the date of claim;
- (f) the sanctionable failure is that the claimant voluntarily ceases paid work in one of the following circumstances—
 - (i) the claimant has been dismissed because of redundancy after volunteering or agreeing to be dismissed,
 - (ii) the claimant has ceased work on an agreed date without being dismissed in pursuance of an agreement relating to voluntary redundancy, or
 - (iii) the claimant has been laid-off or kept on short-time to the extent specified in section 148 of the Employment Rights Act 1996, and has complied with the requirements of that section; or
- (g) the sanctionable failure is that the claimant by reason of misconduct, or voluntarily and for no good reason, ceases paid work or loses pay, but the claimant’s weekly earnings (or, if the claimant is a member of a couple, their joint weekly earnings) have not fallen below the level which the Secretary of State considers sufficient for the purposes of regulation 99(6) (circumstances in which requirements must not be imposed).

(2) In this regulation “regular or reserve forces” has the same meaning as in section 374 of the Armed Forces Act 2006(80).

Sanctionable failures under section 26 - work placements

114.—(1) Mandatory Work Activity is prescribed as a work placement for the purpose of section 26(2)(a) of the Act (failure to undertake a work placement of a prescribed description).

(2) “Mandatory Work Activity” is a scheme designed to provide work or work-related activity with a view to assisting claimants to improve their prospects of obtaining paid work.

CHAPTER 3

HARDSHIP

Introduction

115. This Chapter contains provisions under section 28 of the Act for the making of hardship payments where the amount of an award is reduced under section 26 or 27 of the Act.

Conditions for hardship payments

116.—(1) The Secretary of State must make a hardship payment to a single claimant or to joint claimants only where—

- (a) the claimant in respect of whose sanctionable failure the award has been reduced under section 26 or 27 of the Act is aged 18 or over;
- (b) the single claimant or each joint claimant has met any compliance condition specified by the Secretary of State under regulation 104(2)(a)(i);
- (c) the single claimant or either joint claimant completes and submits an application—
 - (i) approved for the purpose by the Secretary of State, or in such other form as the Secretary of State accepts as sufficient, and
 - (ii) in such manner as the Secretary of State determines;
- (d) the single claimant or either joint claimant furnishes such information or evidence as the Secretary of State may require, in such manner as the Secretary of State determines;
- (e) the single claimant or each joint claimant accepts that any hardship payments that are paid are recoverable;
- (f) the Secretary of State is satisfied that the single claimant or each joint claimant has complied with all the work-related requirements that they were required to comply with in the 7 days preceding the day on which the claimant or joint claimants submitted an application in accordance with sub-paragraph (c); and
- (g) the Secretary of State is satisfied that the single claimant or each joint claimant is in hardship.

(2) For the purposes of paragraph (1)(g) a single claimant or joint claimants must be considered as being in hardship only where—

- (a) they cannot meet their immediate and most basic and essential needs, specified in paragraph (3), or the immediate and most basic and essential needs of a child or qualifying young person for whom the single claimant or either of the joint claimants is responsible, only because the amount of their award has been reduced—
 - (i) under section 26 or 27 of the Act, by the daily reduction rate set out in regulation 111, or
 - (ii) by the daily reduction rate prescribed in regulations made under section 6B(5A), 7(2A) or 9(2A) of the Social Security Fraud Act 2001⁽⁸¹⁾ which is equivalent to the rate referred to in paragraph (i);

⁽⁸¹⁾ 2001 c.11. Section 6B was inserted by section 24(1) of the Welfare Reform Act 2009 and subsection (5A) by paragraph 58(3) of Schedule 5 to the Welfare Reform Act 2012. Subsection (2A) of section 9 was inserted by paragraph 61(4) of Schedule 2 to that Act.

- (b) they have made every effort to access alternative sources of support to meet, or partially meet, such needs; and
 - (c) they have made every effort to cease to incur any expenditure which does not relate to such needs.
- (3) The needs referred to in paragraph (2) are—
- (a) accommodation;
 - (b) heating;
 - (c) food;
 - (d) hygiene.

The period of hardship payments

117. A hardship payment is made in respect of—

- (a) a period which—
 - (i) begins with the date of issue of the application under regulation 116(1)(c), or, if later, the date on which all the conditions in regulation 116(1) are met, and
 - (ii) ends with the day before the date on which the single claimant's, or the joint claimants', next full payment of universal credit for an assessment period is due to be made (or would be made but for a reduction under section 26 or 27); or
- (b) where the period calculated in accordance with paragraph (a) is 7 days or less, that period plus a further period ending with the day referred to in paragraph (a)(ii) or, if sooner, the last day in respect of which their award is reduced pursuant to regulation 111.

The amount of hardship payments

118. The amount of a hardship payment for each day in respect of which such a payment is to be made is to be determined in accordance with the formula—

$$60\% \text{ of } \left(\frac{Ax12}{365} \right)$$

where A is equal to the amount of the reduction in the single claimant's or joint claimants' award calculated under regulation 110 for the assessment period preceding the assessment period in which an application is submitted under regulation 116(1)(c).

Recoverability of hardship payments

119.—(1) Subject to paragraphs (2) and (3), hardship payments are recoverable in accordance with section 71ZH of the Social Security Administration Act 1992⁽⁸²⁾.

(2) Paragraph (1) does not apply in relation to any assessment period in which the single claimant, or each joint claimant, falls within section 19 of the Act by virtue of regulation 90 (claimant subject to no work-related requirements - the earnings thresholds).

(3) Hardship payments cease to be recoverable where, since the last day on which the claimant's or the joint claimants' award was subject to a reduction under section 26 or 27 of the Act—

- (a) a single claimant has had weekly earnings that are equal to or exceed their individual threshold; or

⁽⁸²⁾ 1992 c.5. Section 71ZH was inserted by section 105(1) of the Welfare Reform Act 2012 (c.5).

(b) joint claimants have had combined weekly earnings that are equal to or exceed the sum of their individual thresholds,
for a period of, or more than one period where the total of those periods amounts to, at least 26 weeks.

Signed by authority of the Secretary of State for Work and Pensions.

Name
Parliamentary Under-Secretary of State
Department for Work and Pensions

Date