

UNIVERSAL CREDIT AND STUDENTS



Child Poverty Action Group works on behalf of the one in four children in Scotland growing up in poverty. It doesn't have to be like this. We use our understanding of what causes poverty and the impact it has on children's lives to campaign for policies that will prevent and solve poverty – for good.

We provide training, advice and information to make sure hard-up families get the financial support they need.



UNIVERSAL CREDIT AND STUDENTS

INTRODUCTION

Universal credit (UC) is gradually replacing most means-tested benefits. Usually no new claims can be made for 'legacy' benefits (see below) – you have to claim UC instead.

There is an exception if you live in 'specified' supported or temporary (eg, homeless) accommodation. In this case you claim housing benefit for help with rent.

Legacy benefits

Universal credit (UC) replaces the following benefits and tax credits, sometimes referred to as 'legacy' benefits:

- income support (IS);
- income-based jobseeker's allowance (JSA);
- income-related employment and support allowance (ESA);
- child tax credit and working tax credit; *and*
- housing benefit.

Claims and administration

You start your claim for universal credit (UC) online at [gov.uk/apply-universal-credit](https://www.gov.uk/apply-universal-credit). If this is not possible for you, you can get assistance from the UC helpline on **0800 328 5644** (freephone).

Administration of UC is by the Department for Work and Pensions (DWP), and payments are made monthly in arrears. It may be five weeks or more from claiming UC until your first payment is received. If you need money sooner you can ask for a short-term advance, which is repayable from your UC once payments start.

You do not usually need to report changes in earnings, as HM Revenue and Customs provide this information directly to the DWP in most cases. You do need to tell them about other income, such as student loans and grants.

WHO CAN CLAIM UNIVERSAL CREDIT

If you try to claim one of the legacy benefits, you will usually be directed to claim UC instead. You should get independent advice before claiming UC, to check it is the best option for you. Once you claim UC you stay on it, even if your circumstances change, eg, if you start a part-time or full-time course of study, have a baby or become disabled. However, if you no longer meet the basic entitlement rules, eg, because you start a full-time course and are not a student who can get UC, or if your income is too high, your UC will stop.

You can get UC if you have a low enough income, whether you are in or out of work. You can claim regardless of your circumstances, provided you meet basic conditions about age, education and residence in the UK, and you do not have capital of £16,000 or more. So, for example, parents, people with a disability and unemployed people can claim UC. It can include amounts for adults, children, disability, caring responsibilities, rent and childcare, depending on your circumstances.

UC is for people aged 18 or over, although some 16/17-year-olds can claim, for example, if you are estranged from your parents, are a parent yourself, are sick or disabled, or are caring for someone with a disability.

You may not be eligible for UC if you are not a UK national, although this is complex, so seek advice.



Universal credit and other benefits

Although working age means-tested benefits and tax credits will mostly cease to exist in the next few years, most other benefits will continue, either as before or with some changes. For example, child benefit will continue to exist as a separate benefit for people with children, and adult disability payment will continue to exist as a separate benefit for people with disabilities.

A 'new style' contributory ESA and JSA are introduced along with UC. You can claim these if you have paid enough NI contributions. If you are a full-time student and meet the qualifying conditions, you are eligible for new style ESA. However, if you are a full-time student you are only eligible for new style JSA if you have taken time out from your course because of illness or caring responsibilities, you have now recovered or your caring responsibilities have ended, and you are waiting to rejoin your course.

For more information about other benefits you may be able to claim while you are studying, see CPAG's *Benefits for Students in Scotland Handbook*.

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You may be advised to claim UC if you have a change of circumstances that means you need to claim a legacy benefit. You should always seek advice about whether this is the best course of action, for example from a CAB or other welfare rights adviser.

This section sets out the rules for you if you already get UC and you start a course, or if you are already a student and you have a change of circumstances such that you need to make a claim for UC. Generally, if you become a student, you will not be able to continue to get UC, but there are exceptions.

Who is a student for UC?

You count as a student (the law says you are 'receiving education') for UC if you are:

- in full-time (over 12 hours per week) non-advanced education which you started (or were accepted or enrolled on) when you were under 19, and you have not yet reached 31 August after your 19th birthday, or
- on a full-time course of advanced education, or
- on another full-time course for which a loan, grant or bursary is provided for your maintenance, or
- (if none of the above apply) on a course which is not compatible with your work-related requirements (see below).

If you count as a student, you cannot get UC unless you are in one of the groups of student who can claim (below). If you do not count as a student under any of the definitions above, you can claim UC under the normal rules.

Examples

Zoe is on a full-time advanced course and gets a student loan. She is 'receiving education', and is not eligible for UC as she is not in any of the groups of students that can claim UC.

Peter is on a full-time non-advanced course, and is 21. He gets UC and has limited capability for work-related activity. This means he has no work-related requirements. He gets no student funding. He therefore does not count as 'receiving education' and can remain on UC.

Joan is 24 and on a part-time advanced course. Her work coach says her course is not compatible with her work-related requirements, and she therefore counts as 'receiving education'. She is not eligible for UC as she is not in any of the groups of students that can claim UC. She could try to persuade her work coach that her course is compatible with her work-related requirements, so that she does not count as 'receiving education' and is not excluded from UC.

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Which students can claim UC

You are eligible for UC if you are a student ('receiving education') and:

- you are responsible for a child. You must have a child that is under 16, or 16-19 in full-time non-advanced education;
- you are ill/disabled. You must have limited capability for work (assessed by the DWP) before you start your course, and also get disability living allowance (DLA) or personal independence payment (PIP) or adult disability payment. If you have not yet been assessed as having limited capability for work, you cannot claim UC. Instead, you can claim 'new-style' (contributory) ESA on a credits-only basis to have your limited capability for work assessed, and then claim UC when your course has ended, and before you start any subsequent course;
- you are under 21 (or are 21 but were under that age when you started your course) on a full-time non-advanced course and are 'without parental support' (see box, below), eg, you are estranged from your parents or living away from them in other specified circumstances;
- you are a single foster parent (this includes some single kinship carers), or you are in a couple, both of you are students, and one of you is a foster parent;
- you are over pension age (this is age 66) and your partner has not yet reached that age;
- you have taken time out of your course because of illness/disability or caring responsibilities and have now recovered or your caring responsibilities have ended, and you are not eligible for a grant or loan; or
- you have a partner who is not a student, or who is a student and one or both of you fit into one of the groups above.

Definitions: 'Without parental support' means you:

- have no parent, or
- are living away from parents because you are estranged from them, or because there is a serious risk to your physical or mental health, or you would suffer significant harm if you lived with them; or
- are living away from parents who cannot support you financially because they are ill or disabled, in prison, or not allowed to enter Britain.

'Parent' includes someone acting in place of a parent.

Note: if you are aged 16 or 17 and a student you can only claim UC if you fit into one of the first three bullet points above (ie, you are responsible for a child; ill/disabled; or 'without parental support' and in non-advanced education). 16/17-year-old care leavers who are students can only claim if they are responsible for a child, or are ill/disabled, and cannot get help with rent.

Examples

Becky is 24 and on a full-time advanced course and is a lone parent with a five-year-old child. She is eligible for UC.

Sam is 20 and is ill and cannot work, but does not get ADP, DLA or PIP. He is on a full-time advanced course. He is not eligible for UC.

Jasper is 16 and on a full-time non-advanced course. He is estranged from his parents. He is eligible for UC.

Fiona and Rory live together as a couple. Rory is on a full-time advanced course. Fiona is unemployed. They can get UC.



UNIVERSAL CREDIT AND LOOKING FOR WORK

If you claim universal credit (UC), what you have to do in terms of looking for work can range from having no work-related requirements to having to look for full-time work.

If you are a student, there are no work-related requirements if you are:

- under 21 (or 21 and turned 21 on your course) in full-time non-advanced education and without parental support; or
- eligible for UC as a student and you are in receipt of student income which is taken into account for UC (ie, a student loan, or a grant for maintenance). Note: this does not apply if you are eligible because you have taken time out of your course due to illness/disability or caring responsibilities, and have now recovered or your caring responsibilities have ended. It also does not apply over the summer vacation when student income is generally ignored.

If you do not fit into one of the two bullet points above, you may nonetheless have no work-related requirements under the general rules, for example if you are responsible for a child under one, or you have limited capability for work-related activity.

If you do not fit into any of these groups you may be subject to all work-related requirements, and would therefore have to be available for and actively seeking work.

You may be sanctioned if you are subject to work-related requirements and are not meeting them. A sanction would mean a reduction in UC equal to the amount for an adult.

Example

Stella is 23 and on a full-time non-advanced course. She has a five-year-old child. She does not get a loan or bursary. She is subject to all work-related requirements.

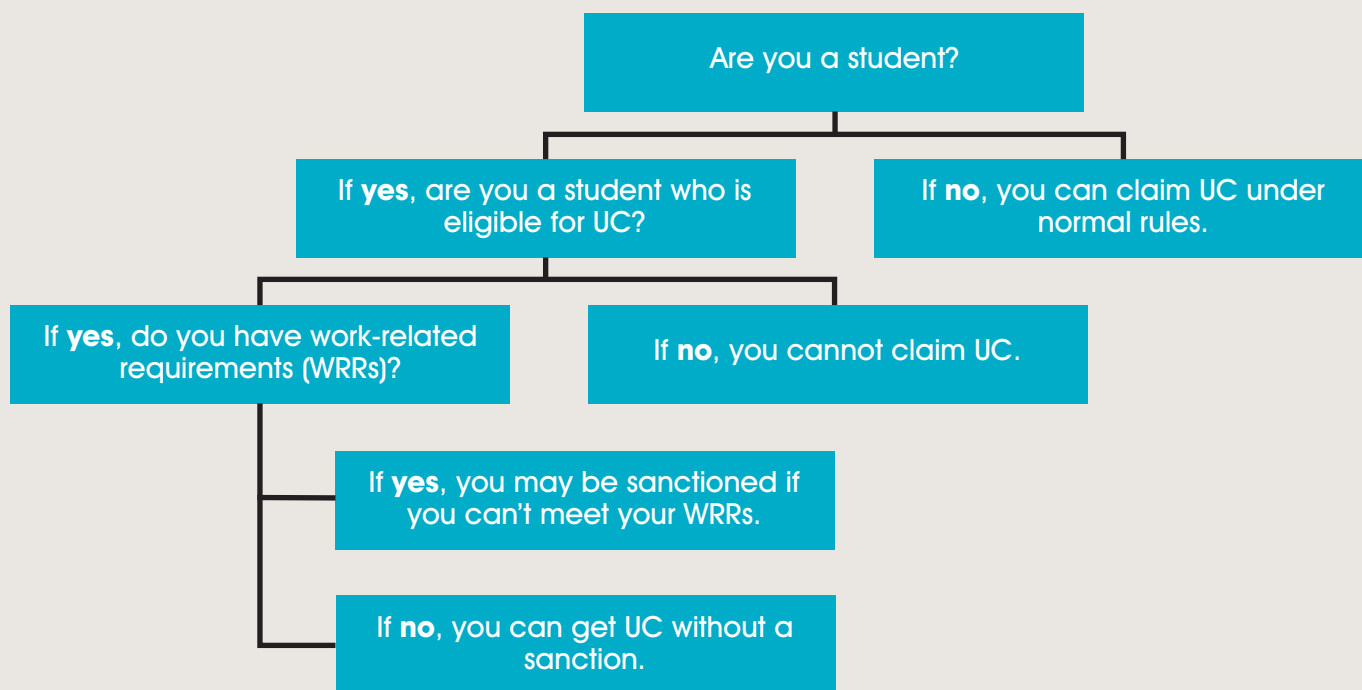
Paula is 23 and on a full-time non-advanced course. She has a five-year-old child. She gets a further education maintenance bursary. She has no work-related requirements.

Laura is 23, on a full-time advanced course and gets a student loan. She has a five-year-old child. She has no work-related requirements.

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FLOWCHART: STUDENTS AND UNIVERSAL CREDIT

Use the flowchart below to check whether a student can get universal credit, referring to the sections 'universal credit and students' and 'universal credit and looking for work', above.



UNIVERSAL CREDIT AND STUDENT INCOME

If you have student income it will usually count as income for universal credit (UC). Note: most other income you have counts as income for UC as well. Student income includes student loans and grants paid to you for your course.

Note: UC takes almost all of student income into account. This is different to child tax credit (CTC), where most student income is ignored. If you get CTC and are a student, particularly in advanced education where student income is higher, you may be better off staying on CTC rather than claiming UC, because of the less generous way student income is assessed for UC. Seek advice about your options from a Citizens Advice Bureau or other welfare rights adviser.

Once you have claimed UC you cannot go back to CTC, so it is important to ensure it is the best course of action.

Note: one-off payments from discretionary funds count as capital rather than income. As such, if household capital/savings is less than £6,000 it does not affect UC at all, if it is between £6,000 and £16,000 UC is reduced, and if it is above £16,000 no UC can be awarded.

Student loans

If you are eligible for a student loan it counts as income. The maximum loan you could be entitled to is taken into account (including any young students' bursary), even if this is reduced because of household income, or another grant. A dependent's grant or lone parent's grant paid as well as your loan counts as income, but other grants are disregarded (as long as they are not to support your partner or child/ren, or to pay rent covered by UC).

Grants

If you do not get a loan, but you receive grant income (eg, a nursing bursary, a care-experienced bursary, or an FE bursary maintenance allowance), the grant income is taken into account for UC (subject to the disregards set out below). If you do get a loan, see the section above for what grant income is taken into account. Education maintenance allowance (EMA) payments are disregarded.

Grant income is disregarded if you do not get a loan and it is paid for any of the following:

- tuition fees or exams
- in respect of your disability
- extra costs due to residential study away from your usual place of study during term time
- the costs of your normal home (where you live somewhere else during your course) unless those costs are met by your UC
- the maintenance of someone who is not included in your UC claim, or
- books, equipment, course travel costs or childcare costs.

Calculating student income for universal credit

UC is paid monthly, for an 'assessment period' (a period of one month following your date of claim, and each subsequent month). Student income counts as income from the assessment period in which the course/course year begins, and for every assessment period during the course/course year. It is ignored in the assessment period in which the last week of the course or the start of the long vacation falls, and in any assessment periods that fall completely within the long vacation.

£110 of student income is disregarded in each assessment period that is affected by such income.

Example: UC and student loan

Susan is 23, has a two-year-old child and lives in a 2-bed privately rented property in Edinburgh. She gets UC of £1,361.69 per month (£292.11 standard allowance + £269.58 child element + £800 for rent). She is starting a two-year full-time HND course on 4 September 2023. Susan's income for UC is a student loan of £8,000, a lone parent's grant of £1,305 and an independent students' bursary of £1,000. Year one of her course runs from 4 September 2023 to 24 May 2024. Her UC assessment periods run from the tenth of the month to the ninth of the following month. Her loan counts as income over nine assessment periods in the first year of her course (from 10/8/23 to 9/5/24).

Student income for UC is student loan of £8,000 and lone parent's grant of £1,305 (total £9,305).

$$£9305 / 9 = £1033.89$$

$$£1033.89 - £110 = £923.89$$

Susan's UC will be reduced by student income of £923.89 per month from 10 August 2023 to 9 May 2024, so she will get UC of £437.81 per month from 10 August 2023 to 9 May 2024. From the UC assessment period beginning 10 May 2024 she will get her full UC ie, during the summer vacation between the first and second years of her course (but may also have work-related requirements). Her UC will reduce again in the assessment period in which the second year of her course begins.



CHILD POVERTY ACTION GROUP IN SCOTLAND

Advice line for frontline advisers and support workers **0141 552 0552**
Monday to Thursday 10 am to 4 pm; Friday, 10 am to 12 pm

Email: advice@cpagscotland.org.uk

CPAG in Scotland's advice line is only for advisers. If you are a student or thinking of doing a course of education and are in need of advice, contact your local college/university student welfare services, or your local Citizens Advice Bureau.

FURTHER INFORMATION

- CPAG in Scotland's Benefits for Students Project go to cpag.org.uk/scotland/students-and-benefits-project
- CPAG in Scotland's free online Benefits for Students in Scotland Handbook go to <https://askcpag.org.uk/publications/scotland>
- View our full range of factsheets online at: cpag.org.uk/scotland/factsheets
- CPAG publishes the Welfare Benefits and Tax Credits Handbook, a comprehensive guide to benefits and tax credits for claimants and advisers. Find out more at: cpag.org.uk/shop
- We run a wide range of training courses on students and benefits for workers of different levels of experience. Go to cpag.org.uk/scotland/training to find out more. We also have a NEW students and benefits elearning course. See this and other elearning courses at cpag.org.uk/scotland/training/elearning-zone
- Follow us on Twitter [@CPAGScotland](https://twitter.com/CPAGScotland)

For more information about the student funding available in Scotland (loans, grants etc) see <https://www.studentinformation.gov.scot/>. You can also get more information at saas.gov.uk or from student services or advice staff in colleges and universities.

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