

Welfare Benefits and Tax Credits Handbook

16th edition

CPAG promotes action for the prevention and relief of poverty among children and families with children. To achieve this, CPAG aims to raise awareness of the causes, extent, nature and impact of poverty, and strategies for its eradication and prevention; bring about positive policy changes for families with children in poverty; and enable those eligible for income maintenance to have access to their full entitlement. If you are not already supporting us, please consider making a donation, or ask for details of our membership schemes, training courses and publications.

Published by Child Poverty Action Group
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A CIP record for this book is available from the British Library
ISBN: 978 1 906076 85 6

Child Poverty Action Group is a charity registered in England and Wales (registration number 294841) and in Scotland (registration number SC039339), and is a company limited by guarantee, registered in England (registration number 1993854). VAT number: 690 808117

Cover design by Devious Designs
Typeset by David Lewis XML Associates Ltd
Content management system by Konnect Soft www.konnectsoft.com
Printed by CPI Group (UK) Ltd, Croydon CR0 4YY

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Acknowledgements

The authors would like to thank Mark Brough, Sarah Clarke, Liz Dawson, Edward Graham, Barbara Gray, Will Hadwen, David Malcolm, Paul Moorhouse, Kelly Smith and, in particular, Arnie James, for their invaluable contribution to this year's book.

Our thanks are also due to Simon Osborne for acting as the book's content consultant.

We must acknowledge the efforts of the many authors of previous editions of the *National Welfare Benefits Handbook*, the *Rights Guide to Non-Means-Tested Benefits* and the *Jobseeker's Allowance Handbook*, on which this book is based.

Thanks are also due to Nicola Johnston and Alison Key for once again editing and managing the production of the book so efficiently, and to Kathleen Armstrong, Mark Brough and Anne Ketley for proofreading the text. Particular thanks are due to Katherine Dawson and Anne Ketley for producing the index.

We would also like to thank staff at the Department for Work and Pensions, the Child Support Agency, HM Customs and Revenue, HM Courts and Tribunals Service and the Department for Education for their help and co-operation.

Thanks to the staff at KonnectSoft, David Lewis XML Associates and CPI William Clowes for keeping up with our schedules.

The law covered in this book was correct on 1 March 2014 and includes regulations laid up to this date.

Foreword

Welcome to the 2014/15 edition of the *Welfare Benefits and Tax Credits Handbook*.

Universal credit may not have arrived as originally planned, but there is no doubt that we are in a much changed benefits landscape. We are beginning to see the impact of both cuts and changes to rules, such as the benefit cap and the 'bedroom tax'. Families – and the organisations who work with them – are having to make impossible choices in response. But it is also increasingly clear that the big drivers of UK child poverty in the next few years will include the massive cuts to benefits for young children and working families, the breaking of the link between benefits and the retail prices index, the 1 per cent uprating of a number of benefits for three years and, in future, the cap on annually managed expenditure.

The Chancellor's targeting of working-age social security spending will, he hopes, be institutionally locked in through a new annually managed expenditure cap. Labour, too, has advocated such a cap. One simple response is to point out that social security spending has been relatively stable in real terms (as a percentage of GDP) for many years. The part of this spending that is rising is pensioner – not working age – related. Another is to say that we have to recognise that if we want to cut social security spending, we have got to face up to the root causes – poverty pay, unaffordable rents and prohibitive childcare costs. The cap is a device which will punish poor families, the disabled and the sick by rationing decency, if governments duck tackling these fundamentals.

It is against this background of a weakened benefit system that the Institute for Fiscal Studies has published child poverty projections, warning that relative child poverty could rise by 900,000 children to 3.2 million, and absolute child poverty by 1.4 million children to four million, by 2020. Were it not for universal credit, these grim figures would look even worse. Despite this, and the fact that two-thirds of children in poverty live in working families, universal credit's poverty-fighting potential is being degraded by delays, complexities and by reductions in the support it will offer the low paid – for example, most recently, the decision in the 2013 Autumn Statement not to increase the work allowance with the cost of living. As ministers and officials continue to struggle with the significant delivery and IT failings exposed by the National Audit Office in its 2013 report, it is essential that we do not lose sight of the key outcomes universal credit was supposed to deliver: simplification, making work pay and tackling poverty.

The succession of delays to universal credit mean that the system will remain in flux for a number of years to come, with advisers having to deal with a myriad of changing entitlements and systems. This is especially the case at the local level

where, in addition to the changing national picture, advisers are grappling with emerging local welfare assistance (which we now hear will be unfunded from 2015) and local council tax support schemes. In the coming year, with support from the Oak Foundation, CPAG will be looking to develop resources on its website to help advisers navigate this complex system of local assistance.

Advice workers have got their work cut out – trying to maximise family incomes in the face of all these pressures. Advisers need to work with local authorities, lawyers and others to continue to provide access to advice in the face of cuts. The effect on living standards will be severe and will have an impact on food and fuel poverty, and levels of housing need. These things are already visible on the ground. The genuine distress and difficulty that is being heaped on so many families is one possible explanation why public support for the government’s benefit cuts has fallen, and opposition increased, over the past year. Please use every opportunity to send us evidence about your experience.

In the face of these challenges, CPAG will continue to be a principled and pragmatic voice, and an essential source of expertise to those working hard to help low-income families with children.

Alison Garnham
Chief Executive

Contents

Abbreviations	xii
Means-tested benefit rates	xiii
Non-means-tested benefit rates	xvii
Tax credit rates	xx

Part 1 Introduction

Provides an overview of the benefits and tax credits system and explains how to use this book. Use this part to find out how to identify which benefits, tax credits or statutory payments you can get and the amount you should receive, and to understand how to use the book to find answers to specific questions about your entitlement.

Chapter 1	How to use this book	3
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Part 2 Main means-tested benefits and tax credits

Contains chapters on all the main means-tested benefits and tax credits. Use this part if you are on a low income to check whether you qualify for means-tested benefits or tax credits, and to understand how and when you might be affected by the introduction of universal credit.

Chapter 2	Introduction of universal credit	17
Chapter 3	Income support	25
Chapter 4	Income-based jobseeker's allowance	44
Chapter 5	Income-related employment and support allowance	65
Chapter 6	Pension credit	77
Chapter 7	Housing benefit	95
Chapter 8	Child tax credit	150
Chapter 9	Working tax credit	164
Chapter 10	Universal credit	183

3

Part 3 General rules for means-tested benefits

Provides information on who can be included in your means-tested benefit claim, and gives details on how your needs, income and capital are calculated. Use this part to check whether you qualify for means-tested benefits and to work out how much benefit you will get.

Chapter 11	People included in the claim	205
Chapter 12	Applicable amounts	219
Chapter 13	Universal credit maximum amount	249
Chapter 14	Income: under pension credit age	256
Chapter 15	Income: over pension credit age	304
Chapter 16	Income: universal credit	324
Chapter 17	Capital: under pension credit age	342
Chapter 18	Capital: over pension credit age	375

4

Part 4 Paying for housing

Explains the help you can get in some means-tested benefits for certain housing costs, such as mortgage interest or, if you get universal credit, rent. Use this part to check whether you are entitled to help with housing costs, to understand when help with rent is restricted, and to check whether you can get discretionary housing payments.

Chapter 19	Rent restrictions	391
Chapter 20	Housing costs	428
Chapter 21	Discretionary housing payments	467
Chapter 22	Universal credit housing costs	472

5

Part 5 Other benefits

Contains chapters on other benefits, statutory payments and additional help you may be able to get. Use this part to check if you qualify for any of these benefits or payments, and for information on how to claim, the amount you may receive and how you are paid.

Chapter 23	Attendance allowance	507
Chapter 24	Bereavement benefits	518
Chapter 25	Carer's allowance	539
Chapter 26	Child benefit	550
Chapter 27	Disability living allowance	573
Chapter 28	Contributory employment and support allowance	615
Chapter 29	Guardian's allowance	635
Chapter 30	Health benefits	645

Chapter 31	Incapacity benefit and severe disablement allowance	659
Chapter 32	Industrial injuries benefits	666
Chapter 33	Contribution-based jobseeker's allowance	691
Chapter 34	Maternity allowance	713
Chapter 35	Personal independence payment	726
Chapter 36	Retirement pensions	746
Chapter 37	Social fund payments	765
Chapter 38	Statutory maternity, paternity and adoption pay	783
Chapter 39	Statutory sick pay	811
Chapter 40	Other payments	827

Part 6 General rules for other benefits

Outlines the national insurance contribution conditions for contributory benefits, and explains when you may qualify for national insurance credits and the rules on earnings for certain non-means-tested benefits. Use this part to check whether you qualify for contributory benefits and to understand how your earnings may affect your entitlement to non-means-tested benefits.

Chapter 41	National insurance contributions	841
Chapter 42	Earnings	871

Part 7 Special benefit rules

Explains how particular circumstances, such as going into hospital, affect your entitlement to benefits and statutory payments. Use this part if any of the circumstances apply to you.

Chapter 43	Benefits for 16/17-year-olds	883
Chapter 44	Benefits for students	902
Chapter 45	Benefits in hospital, prison and other special circumstances	941

Part 8 Work

Explains the benefit rules on work and limited capability for work. Use this part to find out how work affects your benefit entitlement, what you may have to do to prepare for and find work in order to get benefit, and what may happen if you do not do so.

Chapter 46	Work and benefits	987
Chapter 47	Limited capability for work	1002
Chapter 48	Jobseeking and other conditions	1023
Chapter 49	Claimant responsibilities	1056
Chapter 50	Claimant responsibilities: the universal credit system	1064
Chapter 51	Sanctions	1083
Chapter 52	Sanctions: the universal credit system	1115

9

Part 9 Claiming benefits and getting paid

Gives general information on how to claim benefits and how you are paid, including details on the benefit cap, overpayments and hardship payments. Use this part to check how to claim, how to get your claim backdated, and for what to do if your circumstances change, if you have been overpaid or if you have been accused of fraud.

Chapter 53	Claims and decisions	1135
Chapter 54	Getting paid	1161
Chapter 55	Hardship payments	1199
Chapter 56	Overpayments	1212
Chapter 57	Fraud and penalties	1248

10

Part 10 Getting a benefit decision changed

Covers the different ways to challenge decisions, including appealing. Use this part if you are unhappy with a decision and want to know your rights and how to enforce them.

Chapter 58	Revisions and supersessions	1267
Chapter 59	Appeals	1303
Chapter 60	Challenging decisions on statutory payments	1370
Chapter 61	Complaints	1381
Chapter 62	Discrimination and human rights	1391

11

Part 11 General rules for tax credits

Covers the general rules that apply to tax credits. Use this part to calculate the amount you should receive, and for information on how to claim tax credits, when you are paid, overpayments and on challenging decisions.

Chapter 63	Tax credit amounts	1399
Chapter 64	Income: tax credits	1418
Chapter 65	Claims, decisions and getting paid: tax credits	1437
Chapter 66	Overpayments of tax credits	1461
Chapter 67	Investigations, penalties and fraud: tax credits	1473
Chapter 68	Revisions and appeals: tax credits	1483

Part 12 Immigration and residence rules for benefits and tax credits

12

Explains how your immigration status affects your benefit and tax credit entitlement in the UK and what happens if you go abroad. Use this part if you have come from abroad or are considering going abroad.

Chapter 69	Coming from abroad: immigration status	1499
Chapter 70	Coming from abroad: residence rules	1515
Chapter 71	Going abroad	1568
Chapter 72	European Union co-ordination rules	1589

Appendices

Appendix 1	Useful addresses	1605
Appendix 2	Information and advice	1610
Appendix 3	Useful publications	1612
Appendix 4	Statutory maternity pay, statutory paternity pay (birth) and maternity allowance	1616
Appendix 5	Pension age for women born between 6 April 1950 and 5 December 1953	1619
Appendix 6	Prescribed degrees of disablement	1621
Appendix 7	Prescribed industrial diseases	1623
Appendix 8	Upper and lower earnings limits	1636
Appendix 9	Disability which puts a person at a disadvantage in getting a job	1637
Appendix 10	Limited capability for work assessment	1639
Appendix 11	Limited capability for work-related activity assessment	1645
Appendix 12	Minimum working conditions	1648
Appendix 13	Personal independence payment assessment	1649
Appendix 14	Abbreviations used in the notes	1656

Index	1667
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A

I

Abbreviations

AA	attendance allowance	IB	incapacity benefit
CA	carer's allowance	ICE	Independent Case Examiner
CAB	Citizens Advice Bureau	IIDB	industrial injuries disablement benefit
CCLT	Complaints, Correspondence and Litigation Team	IS	income support
CJEU	Court of Justice of the European Union	JSA	jobseeker's allowance
CMS	Child Maintenance Service	MA	maternity allowance
CPI	Consumer Prices Index	MS	Medical Service
CRU	Compensation Recovery Unit	NI	national insurance
CSA	Child Support Agency	NICO	National Insurance Contributions Office
CTB	council tax benefit	PAYE	Pay As You Earn
CTC	child tax credit	PC	pension credit
DLA	disability living allowance	PIP	personal independence payment
DWP	Department for Work and Pensions	REA	reduced earnings allowance
EC	European Community	SAAS	Student Awards Agency for Scotland
ECtHR	European Court of Human Rights	SAP	statutory adoption pay
EEA	European Economic Area	SDA	severe disablement allowance
EO	employment officer	SLC	Student Loan Company
ESA	employment and support allowance	SMP	statutory maternity pay
EU	European Union	SPP	statutory paternity pay
EWG	expected week of childbirth	SSP	statutory sick pay
HB	housing benefit	SSPP	statutory shared parental pay
HMCTS	HM Courts and Tribunals Service	TCO	Tax Credit Office
HMRC	HM Revenue and Customs	UC	universal credit
		WTC	working tax credit

Means-tested benefit rates

Income support/income-based jobseeker's allowance

Personal allowances

		<i>£pw</i>
Single	Under 25	57.35
	25 or over	72.40
Lone parent	Under 18	57.35
	18 or over	72.40
Couple	Both under 18	57.35
	Both under 18, certain cases	86.65
	One under 18, one 18–24	57.35
	One under 18, one 25 or over	72.40
	One under 18, certain cases	113.70
	Both 18 or over	113.70

Premiums

Carer		34.20
Disability	Single	31.85
	Couple	45.40
Enhanced disability	Single	15.55
	Couple	22.35
Severe disability	One qualifies	61.10
	Two qualify	122.20
Pensioner	Single (jobseeker's allowance only)	75.95
	Couple	112.80

Children (Pre-6 April 2004 claims with no child tax credit)

Child under 20 personal allowance	66.33
Family premium	17.45
Disabled child premium	59.50
Enhanced disability premium (child)	24.08

Capital limits

	Lower	Upper
Standard	6,000	16,000
Care homes	10,000	16,000
Tariff income £1 per £250 between lower and upper limit		

Income-related employment and support allowance

Personal allowances		Assessment phase	Main phase
Single	Under 25	57.35	72.40
	25 or over	72.40	72.40
Lone parent	Under 18	57.35	72.40
	18 or over	72.40	72.40
Couple	Both under 18 (max)	86.65	113.70
	Both 18 or over	113.70	113.70

Components

Work-related activity	–	28.75
Support	–	35.75

Premiums

Carer		34.20	34.20
Severe disability (one qualifies)		61.10	61.10
Severe disability (two qualify)		122.20	122.20
Enhanced disability	Single	15.55	15.55
	Couple	22.35	22.35
Pensioner	Single, no component	75.95	–
	Couple, no component	112.80	–
	Single, work-related activity component	–	47.20
	Couple, work-related activity component	–	84.05
	Single, support component	–	40.20
	Couple, support component	–	77.05

Capital limits

As for income support

Pension credit

Guarantee credit		£pw
Standard minimum guarantee	Single	148.35
	Couple	226.50
Severe disability addition	One qualifies	61.10
	Two qualify	122.20
Carer addition		34.20

Savings credit

Threshold	Single	120.35
	Couple	192.00
Maximum	Single	16.80
	Couple	20.70

Capital disregard

Standard/care homes	10,000
No upper limit	
Deemed income £1 per £500 above disregard	

Housing benefit

Personal allowances

Single	Under 25	57.35
	Under 25 (on main phase ESA)	72.40
	25 or over	72.40
Lone parent	Under 18	57.35
	Under 18 (on main phase ESA)	72.40
	18 or over	72.40
Couple	Both under 18	86.65
	Both under 18 (claimant on main phase ESA)	113.70
	One or both 18 or over	113.70
Dependent children	Under 20	66.33
Over qualifying age for pension credit	Single under 65	148.35
	Single 65 or over	165.15
	Couple both under 65	226.50
	Couple one or both 65 or over	247.20

Components

Work-related activity	28.75
Support	35.75

Premiums

Carer		34.20
Disability	Single	31.85
	Couple	45.40
Disabled child		59.50
Enhanced disability	Single	15.55
	Couple	22.35
	Child	24.08
Severe disability	One qualifies	61.10
	Two qualify	122.20
Family	Ordinary rate	17.45
	Some lone parents	22.20

Means-tested benefit rates

Capital limits	Lower	Upper
Standard	6,000	16,000
Care home or over pension credit qualifying age	10,000	16,000
Tariff income £1 per £250 between lower and upper limit, £1 per £500 for those over qualifying age for pension credit		
No upper limit or tariff income for those on pension credit guarantee credit		

Social fund payments

Maternity grant		500.00
Cold weather payment		25.00
Winter fuel payment	Under 80	200.00
(over qualifying age for pension credit)	80 or over	300.00
	Care home (under 80)	100.00
	Care home (80 or over)	150.00

Universal credit

Standard allowance		£pm
Single	Under 25	249.28
	25 or over	314.67
Couple	Both under 25	391.29
	One or both 25 or over	493.95

Elements

First child		274.58
Second and each subsequent child		229.17
Disabled child addition	Lower rate	124.86
	Higher rate	362.92
Limited capability for work		124.86
Limited capability for work-related activity		311.86
Carer		148.61
Childcare costs	One child	up to 532.29
	Two or more children	up to 912.50
	Percentage of childcare costs covered	70%

Capital limits	Lower	Upper
	6,000	16,000
Tariff income £4.35 per £250 between lower and upper limits		

Non-means-tested benefit rates

	<i>£pw</i>
Attendance allowance	
Higher rate	81.30
Lower rate	54.45
Bereavement benefits	
Bereavement payment (lump sum)	2,000
Bereavement allowance/widow's pension (55 or over)	111.20
Bereavement allowance/widow's pension (45–54)	33.36–103.42
Widowed parent's allowance/widowed mother's allowance	111.20
Carer's allowance	61.35
Adult dependant (some existing claimants only)	36.10
Child benefit	
Only/eldest child	20.50
Other child(ren)	13.55
Increase for child (some existing claimants only)	
Only/eldest child	8.05
Other child(ren)	11.35
Partner's earnings limit	
Only/eldest child	225.00
Other child(ren)	30.00
Disability living allowance	
Care component	
Highest rate	81.30
Middle rate	54.45
Lowest rate	21.55
Mobility component	
Higher rate	56.75
Lower rate	21.55

Contributory employment and support allowance

Assessment phase

Under 25	57.35
25 or over	72.40

Main phase

16 or over	72.40
Work-related activity component	28.75
Support component	35.75

Guardian's allowance

16.35

Short-term incapacity benefit

Under pension age

Lower rate	78.50
Higher rate	92.95
Adult dependant	47.10

Over pension age

Lower rate	99.90
Higher rate	104.10
Adult dependant	58.20

Long-term incapacity benefit

104.10

Age addition (under 35)	11.00
Age addition (35–44)	6.15
Adult dependant	60.45

Industrial injuries disablement benefit

20%: £33.20 to 100%: £166.00

Contribution-based jobseeker's allowance

Under 25	57.35
25 or over	72.40

Maternity allowance

Standard rate	138.18
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Personal independence payment

Daily living component

Standard rate	54.45
Enhanced rate	81.30

Mobility component

Standard rate	21.55
Enhanced rate	56.75

Retirement pension

Category A	113.10
Adult dependant (some existing claimants only)	64.90

Category B (widow(er)/surviving civil partner)	113.10
Category B (spouse/civil partner)	67.80
Category D	67.80
Severe disablement allowance	73.75
Age addition (under 40)	11.00
Age addition (40–49)	6.15
Age addition (50–59)	6.15
Adult dependant	36.30
Statutory maternity, paternity and adoption pay	
Standard rate	138.18
Statutory sick pay	87.55
National insurance contributions	
Lower earnings limit	111.00
Primary threshold	153.00
Employee's Class 1 rate	12% of £153 to £805
	2% above £805
Class 2 rate (self-employed)	2.75

.....

Tax credit rates

	<i>£ per day</i>	<i>£ per year</i>
Child tax credit		
Family element	1.50	545
Child element	7.54	2,750
Disabled child element	8.49	3,100
Severely disabled child element	3.44	1,255

Working tax credit		
Basic element	5.32	1,940
Couple element	5.46	1,990
Lone parent element	5.46	1,990
30-hour element	2.20	800
Disabled worker element	8.05	2,935
Severe disability element	3.44	1,255
Childcare element	70% of eligible weekly childcare costs:	
	One child	weekly maximum 175
	Two or more children	weekly maximum 300

Thresholds		
Income threshold	Working tax credit only	6,420
	or with child tax credit	
	Child tax credit only	16,010
Taper		41%
Income decrease disregard		2,500
Income increase disregard		5,000

Part 1



Introduction

Chapter 1

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How to use this book

This chapter covers:

1. About this *Handbook* (below)
2. Finding out which benefits and tax credits you can get (p6)
3. Working out how much benefit you should receive (p12)
4. Finding answers to specific questions (p12)
5. Finding information on challenging a decision (p13)
6. Finding the law relevant to your situation (p13)
7. Using the index (p14)

1. About this *Handbook*

This *Handbook* is a detailed guide to benefits and tax credits. You can use it to identify the benefits and tax credits you may qualify for and the amount you should receive. It explains how to claim benefits and tax credits, how you are paid and how you can challenge decisions. It aims to help you understand how benefits and tax credits interact with each other, and provides information on what other financial help may be available if you are getting benefits or tax credits.

How the book is organised

The book is split into parts, and related chapters are grouped under these parts. For a description of the information covered in each part, see below. For the chapters included in each part, see the table of contents on pvii–xi.

Note: information on jobseeker's allowance (JSA) and employment and support allowance (ESA) is split into two chapters. Chapters on income-based JSA (including joint-claim JSA) and income-related ESA are in Part 2. Chapters on contribution-based JSA and contributory ESA are in Part 5.

Part 1: Introduction

Chapter 1: How to use this book

1. About this *Handbook*

1

Part 1: Introduction

Part 2: Main means-tested benefits and tax credits

Use this part if you are on a low income and want to check your entitlement to any of the main means-tested benefits or tax credits – it contains chapters on each of them. Also use this part to find out how and when the introduction of universal credit (UC) will affect you.

Part 3: General rules for means-tested benefits

Use this part, in conjunction with Part 2, to find out who is included in a claim for a means-tested benefit and to work out how much benefit you should get. Similar rules for tax credits are explained in Part 11.

Part 4: Paying for housing

Use this part if you are on a low income and want to check your entitlement to help with certain housing costs, including mortgage interest and rent. It explains the rules on when your rent can be restricted if you are claiming either housing benefit (HB) or UC, and the rules on discretionary housing payments.

Part 5: Other benefits

Use this part to check your entitlement to other benefits and payments. It contains chapters on non-means-tested benefits, including contributory and earnings-replacement benefits, statutory payments, ‘passported benefits’ and other low-income payments and benefits, arranged in alphabetical order.

Part 6: General rules for other benefits

Use this part to check whether you meet the national insurance (NI) contribution conditions for contributory benefits, to find out whether you qualify for NI credits or to check how your earnings may affect your entitlement to some non-means-tested benefits.

Part 7: Special benefit rules

Use this part if you are 16 or 17 years old, a student, in hospital or a care home, a prisoner, without accommodation or involved in a trade dispute to see how these circumstances affect your benefits, tax credits or statutory payments.

Part 8: Work

Use this part to find out how work affects your benefit entitlement, how limited capability for work is assessed, and the conditions you may be expected to meet to prepare for or find work and what can happen if you do not meet them.

Part 9: Claiming benefits and getting paid	Use this part for general information about claiming and backdating benefits and about how and when you should be paid, and to check whether you are entitled to hardship payments or affected by the benefit cap.
Part 10: Getting a benefit decision changed	Use this part if you are unhappy with a benefit or statutory payment decision and want to know how to challenge it. It covers the different ways to challenge decisions and how to appeal.
Part 11: General rules for tax credits	Use this part to understand the general rules for tax credits, including how your entitlement is worked out, how to make a claim and how to challenge decisions.
Part 12: Immigration and residence rules for benefits and tax credits	Use this part if you are a European Economic Area national or a person subject to immigration control, or if you are going or coming from abroad. It covers how your benefit and tax credit entitlement is affected by these circumstances.
Appendices	Use the appendices to find sources of further information, addresses, useful dates, the earnings limits for NI and an explanation of the abbreviations used in the chapter notes. They also contain the legislation on particular assessments, such as those of limited capability for work, and for personal independence payment and industrial diseases.

How the chapters are organised

To help you locate information easily, many of the *Handbook* chapters follow a similar structure. Each chapter contains the following.

- **Chapter contents:** use this to find the section you need.
- **Key facts:** the key points about the information covered in the chapter.
- **Notes:** notes to the numbered references in the text of the chapter can be found at the end of each chapter. In most cases, these cite the legal source of the information given in the text.

The chapters on particular benefits, tax credits and statutory payments also usually contain the following.

- **Who can claim:** the qualifying rules for the benefit or tax credit concerned.
- **The rules about your age:** any age limits that are relevant.
- **People included in the claim:** who you can claim for, or whether you have to make a joint claim with someone else.

Part 1: Introduction

Chapter 1: How to use this book

2. Finding out which benefits and tax credits you can get

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- **The amount of benefit or tax credit:** the rules on working out how much benefit or tax credit you should receive, with cross references to rules that are common to more than one benefit or tax credit.
- **Special benefit rules:** to alert you when there are distinct rules that apply to people in particular circumstances – eg, people in hospital.
- **Claims and backdating:** how to claim the benefit or tax credit, who should claim, the information you must provide to support your claim, the date your claim is treated as made, whether a claim for one benefit can be treated as a claim for another, and when claims can be made in advance or backdated.
- **Getting paid:** how and when you are paid, and what to do if your circumstances change.
- **Tax, other benefits and the benefit cap:** whether the benefit or tax credit is taxable, how it interacts with other benefits or tax credits, and whether it is affected by rules on the benefit cap. Plus information on other help you may get.

2. Finding out which benefits and tax credits you can get

Step one: do you qualify for any non-means-tested benefits or statutory payments?

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What are non-means-tested benefits and statutory payments?

A non-means-tested benefit is a benefit for which it is not necessary to carry out a detailed assessment of your income or capital to work out your entitlement. You may need to meet national insurance contribution conditions to qualify for some non-means-tested benefits ('contributory benefits') and you may qualify for others just because of your circumstances. Certain non-means-tested benefits ('earnings-replacement benefits') and statutory payments are intended to compensate you for loss of earnings. Your entitlement to non-means-tested benefits is not affected by any savings that you have and your income only affects your entitlement to some earnings-replacement benefits.

If you are an employee and are unfit for work or off work because of pregnancy, childbirth or adoption, you may qualify for statutory payments (such as statutory sick pay) from your employer. Your entitlement to statutory payments depends on the level of your past earnings, but it is not affected by any other income or savings you have.

Both jobseeker's allowance (JSA) and employment and support allowance (ESA) have a non-means-tested, contributory element (contribution-based JSA and contributory ESA) and a means-tested element (income-based JSA and income-related ESA). Depending on your circumstances, you may qualify for either or both elements. If you qualify for both, in

effect, the means-tested element tops up the contributory element, so check your entitlement to the contributory element first. **Note:** when you come under the universal credit (UC) system (see p19), you cannot qualify for income-based JSA or income-related ESA.

- Use the table below to see which non-means-tested benefits or statutory payments you might get. Check the benefits under all the circumstances that apply to you.
- Check which of these are 'earnings-replacement benefits' (these are marked with an * in the table).
- Turn to the chapter on the benefits you are interested in, looking at any earnings-replacement benefits or statutory payments first. The chapters are listed in alphabetical order in Part 5.
- Check whether you meet the qualifying conditions for the benefit by looking at the section 'Who can claim'. Cross references take you to further details you may need to check.
- Look in the section 'Tax, other benefits and the benefits cap' for details of how the benefit might be affected by other benefits you already get or want to claim. Because of the 'overlapping benefit' rules certain non-means-tested benefits cannot be paid in full at the same time.
- If you think you qualify, use the section 'How to claim' for further information on what to do next.

<i>Your circumstances</i>	<i>Benefits you might get</i>	<i>Chapter</i>
Bereaved	Bereavement payment	Chapter 24
	Widowed parent's allowance*	Chapter 24
	Bereavement allowance*	Chapter 24
	Carer's allowance*	Chapter 25
Carer	Statutory maternity pay	Chapter 38
	Maternity allowance*	Chapter 34
	Statutory paternity pay	Chapter 38
	Child benefit	Chapter 26
Pregnant or have a baby	Statutory adoption pay	Chapter 38
	Statutory paternity pay	Chapter 38
	Child benefit	Chapter 26
	Statutory adoption pay	Chapter 38
Recently adopted a child	Statutory paternity pay	Chapter 38
	Child benefit	Chapter 26
	Child benefit	Chapter 26
	Guardian's allowance	Chapter 29
Responsible for a child	Disability living allowance	Chapter 27
	Personal independence payment	Chapter 35
	Attendance allowance	Chapter 23
	Industrial injuries benefits	Chapter 32
Disabled		

Part 1: Introduction

Chapter 1: How to use this book

2. Finding out which benefits and tax credits you can get

1

Unfit for work	Contributory employment and support allowance*	Chapter 28
	Statutory sick pay	Chapter 39
	Industrial injuries benefits	Chapter 32
Pensioner	Retirement pension*	Chapter 36
Unemployed and seeking work, or working part time and seeking more work	Contribution-based jobseeker's allowance*	Chapter 33

Step two: do you qualify for any means-tested benefits and tax credits?

What are means-tested benefits and tax credits?

A means-tested benefit is a benefit for which an assessment of your needs, income and capital is necessary to work out your entitlement. You can only qualify for means-tested benefits if your (and your partner's) income and capital are not too high. Tax credits are also means tested. Your entitlement depends on your assessed needs and the level of your (and your partner's) income. The assessment of the amount you need to live on for means-tested benefits and tax credits may increase if you get certain non-means-tested benefits.

You may be entitled to a combination of non-means-tested benefits, a statutory payment, means-tested benefits and tax credits.

You may qualify for more than one means-tested benefit or tax credit, but you cannot get certain means-tested benefits at the same time. If you come under the UC system, see p9.

- Use the table below to see which of the main means-tested benefits and/or tax credits you might get. Check under all the circumstances that apply to you.
- Use Chapter 2 to see whether you come under the UC system and how this affects the benefits you can claim.
- Turn to the chapter on each of the benefits you may qualify for.
- Follow the procedure explained for checking non-means-tested benefits, by looking at the sections 'Who can qualify', 'Tax, other benefits and the benefit cap' and 'How to claim' in the relevant chapters.

<i>Your circumstances</i>	<i>Benefits and other help you might get*</i>	<i>Chapter</i>
Carer	Income support	Chapter 3
Pregnant or recently given birth	Income support	Chapter 3
	Income-related employment and support allowance	Chapter 5
	Child tax credit	Chapter 8
Responsible for a child	Income support (in some circumstances)	Chapter 3
	Child tax credit	Chapter 8

Disabled or unfit for work	Income support (in limited circumstances)	Chapter 3
	Income-related employment and support allowance	Chapter 5
Pensioners or men nearing pension age	Pension credit	Chapter 6
Have a mortgage	Income support	Chapter 3
	Income-based jobseeker's allowance	Chapter 4
	Income-related employment and support allowance	Chapter 5
	Pension credit	Chapter 6
Tenant	Housing benefit	Chapter 7
Working	Working tax credit	Chapter 9
Unemployed and seeking work, or working part time and seeking more work	Income-based jobseeker's allowance	Chapter 4

*UC is being phased in slowly and, when you come under the UC system (see p19), you will not be able to make a claim for income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit (unless you live in exempt accommodation), child tax credit or working tax credit. You will be expected to claim UC instead. See Chapter 2 for details.

Step three: can you get any other help?

What further help is there?

If you are entitled to certain benefits or tax credits, you may qualify for other benefits on that basis. These are called 'passported benefits'. Some of these passported benefits can also be awarded on the basis of your circumstances or age, or if you have a low income. Other assistance may be available to people in certain circumstances and may be means tested – eg, help with the cost of council tax. Entitlement to some of these payments is discretionary.

- Use the tables on pp10–11 to see the other help you may be able to get in your circumstances and to see whether the benefits or tax credits you get help you qualify for any additional 'passported benefits'.
- Use the relevant chapters to check whether you qualify for such help and how to apply.
- Check whether you qualify for council tax reduction (see p827).
- Check Chapter 40 to see if there are any other payments or other kinds of help you might be able to get.

Part 1: Introduction

Chapter 1: How to use this book

2. Finding out which benefits and tax credits you can get

1

<i>Your circumstances</i>	<i>Benefits and other help you might get</i>	<i>Chapter</i>
Bereaved	Funeral expenses payment	Chapter 37
Pregnant or recently given birth	Sure Start maternity grant	Chapter 37
	Health benefits	Chapter 30
	Healthy Start food and vitamins	Chapter 40
Responsible for a child	Free school lunches	Chapter 40
	Health benefits for child	Chapter 30
	Healthy Start food and vitamins	Chapter 40
Disabled or unfit for work	Cold weather payment	Chapter 37
Pensioners or men nearing pension age	Winter fuel payment	Chapter 37
	Cold weather payment	Chapter 37
	Health benefits	Chapter 30
Own a home	Council tax reduction	Chapter 40
Tenant	Council tax reduction	Chapter 40
	Discretionary housing payment	Chapter 21
Not enough money to meet certain needs	Budgeting loan	Chapter 37
	Budgeting advance of universal credit	Chapter 10
	Health benefits	Chapter 30
	Council tax reduction	Chapter 40
	Other payments	Chapter 40

<i>Passported benefit</i>	<i>Passports</i>
Free school lunches (p832)*	Income support
	Income-based jobseeker's allowance
	Income-related employment and support allowance
	Some people on child tax credit
	Guarantee credit of pension credit (England and Wales only)
	Universal credit
Health benefits (Chapter 30)**	Income support
	Income-based jobseeker's allowance
	Income-related employment and support allowance
	Some people on child tax credit
	Some people on working tax credit
	Guarantee credit of pension credit
	Universal credit**
	Note: some health benefits are free for everyone in Scotland and Wales.

Sure Start maternity grant (p770)	<p>Income support</p> <p>Income-based jobseeker's allowance</p> <p>Income-related employment and support allowance</p> <p>Pension credit (either or both credits)</p> <p>Some people on child tax credit</p> <p>Some people on working tax credit</p> <p>Universal credit</p>
Social fund funeral expenses payment (p772)	<p>Income support</p> <p>Income-based jobseeker's allowance</p> <p>Income-related employment and support allowance</p> <p>Pension credit (either or both credits)</p> <p>Some people on child tax credit</p> <p>Some people on working tax credit</p> <p>Housing benefit</p> <p>Universal credit</p>
Social fund cold weather payment (p778)	<p>Some people on income support</p> <p>Some people on income-based jobseeker's allowance</p> <p>Some people on income-related employment and support allowance</p> <p>Pension credit (either or both credits)</p> <p>Some people on universal credit</p>
Social fund budgeting loan (p765)	<p>Income support</p> <p>Income-based jobseeker's allowance</p> <p>Income-related employment and support allowance</p> <p>Pension credit (either or both credits)</p>

* In England, from September 2014, all children in reception and years one and two will be entitled to free school lunches. In Scotland, this is likely to apply to children in P1, P2 and P3 from January 2015.

** At the time of writing, entitlement to UC acts as a passport to health benefits. However, in England it is not known if this will continue to apply after 31 October 2014, and in Wales, after 31 March 2015. See CPAG's online service and *Welfare Rights Bulletin* for updates.

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3. Working out how much benefit you should receive

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How much benefit will you get?

The amount you get depends on which benefit you are claiming. Some non-means-tested benefits are paid at different rates depending on your circumstances. The amount of some contributory benefits may depend on your national insurance contribution record (or that of your spouse or civil partner), and some (but not all) non-means-tested earnings-replacement benefits are affected by certain types of income. The amount of means-tested benefits you get always depends on your circumstances and involves a detailed assessment of your needs, your income and your capital. Your entitlement to tax credits also depends on an assessment of your needs and income. Tables of benefit and tax credit rates for 2014/15 are on ppxiii–xx.

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- Look at the chapters dealing with the benefit(s) you are interested in, checking the non-means-tested benefits and statutory payments chapters first. This is because any non-means-tested benefits you get may affect the amount of means-tested benefit to which you are entitled.
- If you are not already getting the benefit, check you meet the entitlement conditions and then look at the section ‘The amount of benefit’. Follow any relevant cross references for more detailed information about different aspects of the calculation.
- Check the section ‘Tax, other benefits and the benefit cap’ for additional information on how the benefit or tax credit may be affected by other benefits or tax credits you receive.
- If in doubt, use Appendix 2 for details of where you can get further help.

4. Finding answers to specific questions

If you have a specific question about a particular benefit or tax credit, there are various ways to find the information you are looking for.

- Look at the chapter covering the benefit or tax credit you are interested in. Use the chapter contents to direct you to the likely section to check. Cross references in the text direct you to other parts of the book that contain related information.
- Alternatively, use the index to find the page number for the information you need.
- Once you have located information about your question, you can check the law by using the legal references in the notes at the end of the chapter (see p13).

5. Finding information on challenging a decision

Who makes decisions and how can you challenge them?

The Department for Work and Pensions (DWP) is responsible for administering most benefits through Jobcentre Plus, the Pension Service and the Disability and Carers Service. HM Revenue and Customs (HMRC) is responsible for administering tax credits, child benefit and guardian's allowance. HMRC also makes decisions on your national insurance (NI) contribution record and on your entitlement to statutory payments if you and your employer do not agree. Local authorities administer housing benefit, the council tax reduction scheme, certain education benefits and help with community care and in a crisis.

HM Courts and Tribunals Service, which is part of the Ministry of Justice, is responsible for administering benefit and tax credit appeals.

You can request a 'revision' (or, in some cases, a 'supersession') of most decisions, or you may be able to appeal. You are likely to have to apply for a revision before you can appeal. The ways you can challenge a decision, and the procedures and time limits for doing so, depend on the benefit to which the challenge relates and on whether the decision you want to challenge is an initial decision or one that has been made following a revision, supersession or appeal.

- First check whether the decision is correct. See p12 for how to find answers to specific questions.
- If you think it is not, use the chapters in Part 10 or, for tax credits, Chapter 68, to find information on how you may be able to challenge the decision. For decisions relating to NI contributions, see p842.
- Alternatively, look up 'challenging a decision' in the index. The sub-entries under it may help you to find the page number for the type of decision you want to challenge.

6. Finding the law relevant to your situation

How do you find the law?

This *Handbook* provides references to the law (both legislation and relevant cases) and to guidance, to help you trace the source of the information given in the text. In particular, if you are appealing against a decision, it may be helpful to refer to the references given for further information. For a useful introduction to legal sources, see pp1358–62.

- Find the information in the book relevant to the issue you want to check and find the footnote for that information.

- Check the note on the relevant footnote at the end of the chapter for the legal reference.
- Check Appendix 14 for an explanation of the abbreviations used in the references.
- See Appendices 2 and 3 for where to find the law and guidance online and for other useful sources of information.

Note: the law referred to in this *Handbook* applies in Great Britain. The equivalent law in Northern Ireland is very similar and, in most cases, has the same effect. Many of the differences are due to the fact that the legislation and the administrative and adjudicating bodies in Northern Ireland are named differently. However, in some cases the differences may be more significant.

7. Using the index

The index contains entries in bold type, directing you to the general information on the subject or to the page where the subject is covered more fully. Sub-entries under the bold headings are listed alphabetically and direct you to specific aspects of the subject.

Part 2

Main means-tested benefits and tax credits

Chapter 2

2

Introduction of universal credit

This chapter covers:

1. The introduction of universal credit (below)
2. When you come under the universal credit system (p19)

Key facts

- When you come under the universal credit (UC) system, UC replaces most means-tested benefits and tax credits.
- A 'pathfinder', introducing UC for certain new claimants, started in April 2013 and currently applies in 10 areas. More groups of claimants and more areas in north west England are due to be added during 2014. The government intends that UC will be introduced across the whole of Great Britain during 2016, by which time all new claims will be for UC.
- Existing claims of most means-tested benefits and tax credits are due to be transferred to UC during 2016 and 2017. Existing claimants of income-related employment and support allowance will be transferred later than 2017.
- Official plans for the introduction of UC are subject to change.

1. The introduction of universal credit

Universal credit (UC) is a new benefit that combines means-tested support for adults under the qualifying age for pension credit (PC) and children into one benefit.

When you are able to make a claim for UC, this *Handbook* refers to you as coming under the UC system.

When you come under the UC system (see p19), UC replaces the following means-tested benefits and tax credits:

- income support (IS);
- income-based jobseeker's allowance (JSA);
- income-related employment and support allowance (ESA);
- housing benefit (HB) (except for exempt accommodation – see p416);

Part 2: Main means-tested benefits and tax credits

Chapter 2: Introduction of universal credit

1. The introduction of universal credit

- child tax credit (CTC);
- working tax credit (WTC).

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Although UC does not replace PC, if you or your partner are entitled to PC, you cannot come under the UC system (see p19).

Even though you come under the UC system, you can still claim other benefits. So, for example, you can still claim contribution-based JSA, contributory ESA, child benefit and carer's allowance, as well as UC.

Timetable

UC is being introduced more slowly than planned. Originally, it was planned to introduce UC for certain single unemployed claimants without children in 'pathfinder' areas during 2013 and then for all new claimants in Great Britain by 2014, and to have replaced existing claims of the above means-tested benefits and tax credits by 2017.¹ However, due to various problems, including with the required information technology, these plans were changed during 2013.

UC has now been introduced in 10 pathfinder areas. Once 'safely tested', the government plans to introduce UC for new claimants in more areas of north west England by the end of 2014. The type of claimants who can claim UC will also be expanded to include some couples from summer 2014, and families with children from autumn 2014.² For more information on the areas in which UC has been introduced, see p20, and for more information on who can claim UC, see p20.

The official 'current planning assumption' is that UC will be fully introduced for new claimants across all areas of Great Britain during 2016. At this point, no new claims for the means-tested benefits and tax credits UC replaces will be possible. The government intends that the 'majority' of existing claims for these benefits and tax credits will be transferred to UC during 2016 and 2017. Current claimants of income-related ESA will not have been transferred by 2017 and the estimated 600,000 to 700,000 people still getting income-related ESA will be transferred at a later date.³

Timetable

April 2013	Universal credit pathfinder introduced.
April 2014	Universal credit pathfinder applies in 10 areas.
Summer 2014	New universal credit claims from some couples introduced.
Autumn 2014	New universal credit claims from some families with children introduced.
End 2014	Universal credit pathfinder introduced to more areas in north west England.
2016	Universal credit fully introduced for new claims throughout Great Britain.

2016 to 2017	Most current claims of means-tested benefits and tax credits transferred to claims for universal credit.
Post 2017	Transfer of current claims of income-related employment and support allowance to claims for universal credit.

Note: the official plans for the introduction of UC are subject to change. The original plans have already been changed significantly, and the official approach is to ‘test’ and ‘learn’ from the introduction of UC as it is introduced. The government has confirmed, in particular, that the ‘final decisions’ on the introduction of UC will be informed by the development of the required information technology.⁴ See CPAG’s online service and *Welfare Rights Bulletin* for updates.

2. When you come under the universal credit system

You come under the universal credit (UC) system if you:⁵

- live in an area in which UC has been introduced (see p20); *and*
- meet certain personal conditions (see p20); *and*
- you are not already entitled to income support (IS), income-based jobseeker’s allowance (JSA), income-related employment and support allowance (ESA), housing benefit (HB), except for exempt (or, from 3 November 2014, specified) accommodation (see p474), pension credit (PC), child tax credit (CTC) or working tax credit (WTC).

If you come under the UC system, you can claim UC. **Note:** you also come under the UC system if you meet the conditions above and you make a new claim for contribution-based JSA or contributory ESA (see p22).

If you come under the UC system, but your circumstances then change (eg, you move to a different area), special rules apply to decide whether you still come under the UC system (see p22).

UC replaces most other means-tested benefits and tax credits, so if you come under the UC system you can no longer qualify for:⁶

- IS;
- income-based JSA. This is abolished in your case if you come under the UC system and you make a new claim for income-based or contribution-based JSA, income-related or contributory ESA, or UC;⁷
- income-related ESA. This is abolished in your case if you come under the UC system and you make a new claim for income-related or contributory ESA, income-based or or contribution-based JSA, or UC;⁸

Part 2: Main means-tested benefits and tax credits

Chapter 2: Introduction of universal credit

2. When you come under the universal credit system

2

- HB, except for exempt (or, from 3 November 2014, specified) accommodation – see p474;
- CTC;
- WTC.

UC does not replace pension credit (PC). However, you only come under the UC system if you and your partner are aged under 60 years and six months (see p21). If you come under the UC system, but later become a member of a couple and your partner is entitled to PC, you no longer come under the UC system (see p22).

Note: even if you are not entitled to UC, if you come under the UC system, you cannot qualify for income-based JSA or income-related ESA.⁹

The areas in which universal credit has been introduced

UC is being introduced on a gradual basis for certain claimants in certain areas of the country. The areas in which UC had been introduced by April 2014 are known as the UC ‘pathfinders’. Claimants who live in these areas and also meet the personal conditions for UC (see below) are sometimes referred to as being in the ‘pathfinder group’.

UC has currently been introduced in the following postcode areas:

- Ashton-under-Lyne;
- Wigan;
- Warrington;
- Oldham;
- Hammersmith;
- Rugby;
- Inverness;
- Shotton;
- Bath;
- Harrogate.

The government intends to begin expanding the pathfinder in certain areas of north west England by the end of 2014. UC is due to be introduced for all new claimants in all areas of Great Britain during 2016.¹⁰ For details of all the postcode areas in which UC has been introduced, see www.gov.uk/universal-credit/eligibility.

The personal conditions

You must meet certain personal conditions in order to come under the UC system. People who meet these conditions and also live in an area in which UC has been introduced are sometimes referred to as being in the ‘pathfinder group’.

To meet the personal conditions for coming under the UC system, the following must apply.¹¹

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- You must not be entitled to IS, JSA (either contribution-based or income-based), ESA (either contributory or income-related), HB (except for exempt accommodation – see p474), CTC, WTC, incapacity benefit, severe disablement allowance, disability living allowance or personal independence payment.
- You must not have an ongoing appeal for IS, JSA, ESA, HB, CTC or WTC. If an appeal has been determined, there must not be a possibility of a further appeal.
- If you were previously on JSA or ESA, your claim must have stopped more than two weeks before the date of your claim for UC.

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In addition, you must:¹²

- be a single person (but note that some couples can claim from summer 2014). See p22 if you become a member of a couple after you have claimed UC;
- be aged at least 18 but less than 60 years and six months;
- be a British citizen who has resided in the UK throughout the two years before your claim for UC without a continuous absence of four weeks or more during that time;
- have a national insurance number, and a bank, building society, Post Office or credit union current account;
- be fit for work – ie, not be covered by a medical certificate or have been found by the DWP to have limited capability for work;
- have capital of less than £6,000.

You must not:

- be pregnant or within 15 weeks of having given birth;
- be working or expecting to earn more than £270 in the next month (if you are under 25) or £330 in the next month (if you are 25 or over);
- be self-employed (ie, have earnings from self-employment) in the month before you claim UC;
- be in education or training, or planning to be in education or training;
- have a child under 16 (or a 'qualifying young person' for whom you are responsible – see p210) living with you some or all of the time, not be a foster parent, not be a carer (except if you are providing care as paid or voluntary employment), or be liable to pay child support maintenance under the Child Support Act 1991. **Note:** some families with children may be able to claim from autumn 2014;
- be homeless, or live in temporary or supported accommodation;
- be an owner-occupier;
- live in the same household as a member of the armed forces who is absent from the household in connection with that role.

Note: the rules on who can claim UC will change during 2014. It is expected that:

- from summer 2014, new claims from couples will be allowed. Initially, this may be limited to certain types of couples – eg, those who are unemployed;

Part 2: Main means-tested benefits and tax credits

Chapter 2: Introduction of universal credit

2. When you come under the universal credit system

- from autumn 2014, new claims from families with children will be allowed. Initially, this may be limited in some way.

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These plans are subject to change. See CPAG's online services and *Welfare Rights Bulletin* for updates.

Note: if you claim UC and do not meet the personal conditions, your claim for UC is not allowed. If you claim UC and give incorrect information about your personal conditions, unless you have already been paid UC, if you then claim one of the means-tested benefits or tax credits it replaces within one month, the date of claim is treated as the date you claimed UC. However, if you have already been paid UC, your UC award continues.¹³

Contribution-based jobseeker's allowance and contributory employment and support allowance

If you make a new claim for contribution-based JSA or contributory ESA, you live in an area where UC has been introduced and you meet the personal conditions, you come under the UC system.¹⁴ The rules about claiming and getting paid these benefits (eg, the rules on overpayments, claimant responsibilities and sanctions) may be different from those that apply to people who do not come under the UC system. If you come under the UC system, you must claim UC if you need to 'top up' your contribution-based JSA or contributory ESA.

If your circumstances change

Once you come under the UC system, if you are entitled to UC and continue to satisfy the entitlement conditions (the basic conditions and the financial conditions – see p183), you continue to get UC even if you move to an area in which UC has not been introduced, or you cease to satisfy the personal conditions above.¹⁵ So, for example, if you have a child or you become ill after getting UC, you remain entitled to UC.

If you get contribution-based JSA or contributory ESA and you come under the UC system but are not entitled to UC (eg, because your income is too high), you no longer come under the UC system if you move to an area in which UC has not been introduced or you cease to satisfy the personal conditions.

Couples

You still come under the UC system (and remain entitled to UC) if you cease to satisfy the personal conditions because you have become part of a couple. In this situation, you can be entitled to UC with your partner, provided you satisfy the basic and financial rules of entitlement as a couple. **Note:** these rules may change as more couples come under the UC system. See CPAG's online service and *Welfare Rights Bulletin* for updates.

If your partner was not entitled to UC as a single person, any award s/he has of IS, income-based JSA, income-related ESA, HB (except for exempt accommodation – see p416), WTC or CTC will cease and you are treated as claiming UC as a couple.¹⁶ If your partner was also entitled to UC as a single person, you are entitled to UC as a couple without having to make a claim.¹⁷

Example

Gareth has been entitled to UC as a single person since June 2014. He meets Jane, and forms a couple with her in August 2014. Jane is entitled to IS as a lone parent (she has a son aged two), as well as CTC and HB. They come under the UC system as a couple and are treated as claiming UC. Gareth and Jane satisfy the basic rules of entitlement for UC as a couple, and are entitled to UC.

Jane's awards of IS, CTC and HB are terminated.

Note: if your new partner is entitled to PC, you no longer come under the UC system (and cannot get UC) unless your partner stops claiming PC.¹⁸ The government has said that couples who are already on PC do not have to move to UC.¹⁹

If you were entitled to UC as a couple but now separate from your partner, you may still be entitled to UC as a single person (and so remain under the UC system), even if you no longer live in an area in which UC has been introduced or do not meet the personal conditions. Whichever one of you reports the change to the DWP (or who is the first to do so) must make a new claim for UC.²⁰

Example

Rose and Nelson were entitled to UC as joint claimants. They separate and Rose, who is pregnant, leaves the area. Nelson notifies the DWP of the fact that they are no longer a couple. Nelson comes under the UC system as a single person and makes a new claim for UC. Rose remains under the UC system and is entitled to UC as a single claimant without having to make a claim, even though she is no longer in an area in which UC has been introduced and does not meet the personal conditions.

If you are not entitled to universal credit

If the change in your circumstances means that you are no longer entitled to UC (eg, because your income is now too high), you still come under the UC system if you continue to live in an area in which UC has been introduced and you satisfy the personal conditions. You may be entitled to UC again in the future – eg, if your income decreases.²¹

If you are not entitled to UC and you no longer live in an area in which UC has been introduced or you no longer satisfy the personal conditions, you no longer

come under the UC system and you cannot make a claim for UC. Instead, you can claim the benefits and tax credits that UC replaces.²²

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Notes

1. The introduction of universal credit

- 1 *Managing the Build-up of Claims to Universal Credit*, DWP Policy Briefing Note 15, November 2011
- 2 House of Commons, *Hansard*, written ministerial statement on universal credit progress, 5 December 2013; DWP press release, 'Universal credit progress', 5 December 2013
- 3 House of Lords, *Hansard*, universal credit statement, cols 723-27, 10 December 2013
- 4 House of Commons, *Hansard*, written ministerial statement on universal credit progress, 5 December 2013; DWP press release, 'Universal credit progress', 5 December 2013

2. When you come under the universal credit system

- 5 Reg 3 UC(TP) Regs
- 6 See for example the information at www.gov.uk/universal-credit, and DWP press release, 'Universal credit expands to London', 28 October 2013
- 7 Art 4 WRA(No.9)O
- 8 Art 4 WRA(No.9)O
- 9 Reg 15 UC(TP) Regs. Income-based JSA and income-related ESA are not mentioned, but are abolished for anyone who comes under the UC system and claims UC, or any JSA or ESA, by Art 4 WRA (No.9)O.
- 10 House of Commons, *Hansard*, written ministerial statement on UC progress, 5 December 2013; DWP press release, 'Universal credit progress', 5 December 2013
- 11 Reg 7 UC(TP) Regs
- 12 Regs 5-6 and 8-12 UC(TP) Regs
- 13 Reg 13 UC(TP) Regs

- 14 These benefits are not abolished under the UC system and can be claimed under the JSA Regs 2013 and the ESA Regs 2013.
- 15 Reg 3 UC(TP) Regs only requires that you live in a UC area and satisfy the personal conditions at the time of the claim; HB Circular A13/2013
- 16 Regs 3(4) and 16 UC(TP) Regs
- 17 Reg 14(1) UC(TP) Regs; reg 9(7) UC, PIP, JSA&ESA(C&P) Regs; para M1023 ADM
- 18 Reg 3(2)-(5) UC(TP) Regs; paras M1041-43 ADM
- 19 House of Commons, *Hansard*, 20 April 2011, col 553
- 20 Regs 3(2) and 14(1) UC(TP) Regs; reg 9(6) UC, PIP, JSA&ESA(C&P) Regs; paras M1024-25 ADM
- 21 Art 4 WRA(No.9)O still applies so as to abolish income-based JSA and income-related ESA
- 22 Art 6 WRA(No.9)O; paras S8041 and V8041 ADM