

## THE ANSWERS

A

(i) Jude's first assessment period is Monday 13<sup>th</sup> February 2017. He submitted his online claim on 16<sup>th</sup> January 2017. The first 7 days are excluded in accordance with s. 7(2) Welfare Reform Act 2012 and Universal Credit Regulations 2013 Part 3 Reg. 21(1A).

(ii) What elements can Jude get?

o Standard Allowance	£317.82
o Housing costs	£850.00
<b>Total</b>	<b>£1,167.82</b>

No other deductions as Jude's capital is well under £6,000.00 so this is disregarded. Jude's first payment will be £1,167.82 and paid into his account on 13<sup>th</sup> February 2017. Unless his circumstances change, his assessment period remains the same (13<sup>th</sup> of every month) and, his UC award will remain the same every month.

Jude would have been caught by the Benefits cap if his UC award went over £1,284.17. This is the new figure under UC. Experienced advisers will be aware that this is a reduction from the previous figure of £1,516.67 for single childless claimants. The reduced figures took effect from November 2016. Claimants outside Greater London are on even lower amounts.

B

(i) Jude should notify the change of circumstances as it happens. This should be done within the assessment period he reports the change. The easiest way to report a change of circumstances is online. There is an instant record that way.

(ii) The couple can claim	
o Standard Allowance – couple rate	£498.89
o Child Element (first child)	£277.08
o Disabled child element (lower)	£126.11
o Housing costs	£850.00
<b>Total</b>	<b>£1,752.08</b>

(iii) The couple's entitlement will be determined by what their maximum UC award adds up to (above) less any relevant deductions that apply.

The couple can claim Child Benefit (but this is disregarded). As, Jude's savings of £2,200 is below the threshold this is disregarded.

If Pia's son was on the middle or higher rate care component of DLA, she could have claimed Carer's Allowance but the DLA paid to Pia is disregarded.

Benefits Cap check. The couple now receive more so this should be considered. Here however, the couple remain under the couple rate threshold of £1,916.67. The previous cap threshold for Greater London couples was £2,167.00 or £26,500.00 per year.

In any event, a member of the household receives DLA (or PIP) so the benefits cap would not apply to this household.

### C

Jude is now in work at the rate of £10.00 x 12 hours per week. This is a relevant change of circumstances and should be reported.

Jude is paid monthly. Jude now earns £120.00 x 52 weeks (divided by 12) which is £520.00 per month.

The couple's maximum amount of UC is £1,752.08.

Jude's 'earned income' would need to be taken into account from the next assessment period and affects his entitlement to UC.

As the couple rent their home, there is a disregard that is applied to the 'earned income' of £192.00.  $£520.00 - £192.00 = £328.00$ .

The remaining income is subjected to a taper of 63%.

$£328.00 \times .63 = £206.64$ .

**The maximum amount is reduced by £206.64 leaving the couple with a new maximum amount of £1,752.08 - £206.64 = £1,545.44**

Is Jude better off? His household has a payment of £1,538.88 + £520.00 that he earns. The household also get the disregarded Child Benefit (£20.70) and DLA.

**Note:** If Jude was an owner-occupier he would have lost **all** entitlement to housing costs for his mortgage interest on starting work. This is the case regardless of the amount he would have earned.

D – Mixed couple Donald (of working age) and Ronald (retired).

- (i)
    - Standard Allowance (single person)  
£317.82  
Ronald does not qualify as he is over 64.
    - Housing costs (owner occupier)  
£500.00
- Total**  
**£817.82**

Although owner-occupiers can claim housing costs, this will only be after **9 months** of receiving UC and the costs are paid directly to the lender.

Maximum UC award is £817.82.

**As Donald is still working, he will lose all his entitlement to housing costs.**

Relevant reductions will be the joint income of the couple. Even though Ronald is not eligible for UC his income is included for this purpose.

Note however that Ronald's retirement pension is 'unearned income' and treated differently to Donald's earned income.

£220.00 net per week becomes £953.33 per month. The maximum income disregard is applied as Donald is an owner-occupier.

$$£953.33 - £397.00 = £556.33$$

The 63% taper will be applied to the £556.33 bringing his income down to £350.48.

- (ii) The new maximum amount (less housing costs) is £317.82 – £350.48 leaving a nil balance. So without including Ronald's income, Donald is not entitled to UC at all. If there were some entitlement, note that Ronald's income would have been reduced pound for pound. There is no taper applied to 'unearned income'.
- (iii) And, if Donald did not work?

Standard Allowance (single over 25)	£317.82
Housing costs (not due for first 9 months)	£500.00
<b>Total</b>	<b>£817.82</b>

£817.82 minus relevant deductions.

Ronald's pension is £866.00 net per month – unearned income.  
UC – minus £866.00 = nil

E – Salima and Pierre

Pierre should easily be able to establish he is habitually resident from the facts. Salima is British and assessed as having a limited capability for work.

(i) The relevant elements are:	
Standard Allowance (couple)	£498.89
Limited capability for work rate	£126.11
Carer element	
£150.39	
Housing costs (reduced by 14%)	£688.00
<b>Total</b>	<b>£1,463.39</b>

Apply the relevant deductions

Unearned income C-ESA. = £102.15 x 52 (div by 12)	£442.65
Pierre's income 'earned'. = £300.00 x 52 (div by 12)	£1,300.00

Subject Pierre's income to the earnings lower disregard first  
£1,300.00 - £192.00 = 1,108.00 and then apply the 63% taper

£1,108.00 x .63	£698.04
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UC award is £1,463.39 less £442.65 = £1,020.74  
From this amount take away Pierre's income

£1,020.74 – £698.04 and this leaves a UC final award of £322.70

Pierre cannot claim Carer's Allowance as he would have to qualify financially but he is providing at least 35 hours care per week around his part time work hours.

The household can also benefit from Salima's PIP award and they could rent the spare room.

**Benefits cap check.** It does not apply to this family but note the exemptions that would have applied if the couple's award exceeded £1,916.67. As Pierre's net income per month would be over £430.00 the household would be exempt. The household is also exempt because Salima gets enhanced rate daily living component but the same would apply if she were receiving limited capability for work related activity.

