

Universal Credit

[2012/5](#) *Section 1 of the Welfare Reform Act 2012*

[2015/2006](#) *Part 2 of the Welfare Reform (Northern Ireland) Order 2015*

[2016/216](#) *The Universal Credit Regulations (Northern Ireland) 2016*

[2013/376](#) *The Universal Credit Regulations 2013*

Overview

[2013/280](#) *Schedule 7 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013*

[2016/220](#) *Schedule 6 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations (Northern Ireland) 2016*

The introduction of Universal Credit (UC) is part of the biggest changes to the welfare system since the 1940s.

UC is a new single payment for people who are out of work or on a low income and tapers off slowly as relevant income increases. UC is a means tested benefit.

The award will be made against the household rather than individual claimants. For child maintenance purposes, UC will be categorised as either UC earned income or UC no earned income (these terms must not be used when discussing with clients, see [Discussing UC with clients](#)).

From 2013 until June 2018 UC will be launched following a phased approach, with the criteria for Phase 1 being newly unemployed, no children (or child dependents), no housing costs and restricted geography. UC will be replacing the following benefits and tax credits:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

UC entitlement is based on monthly 'Assessment periods'. A claimant will need to qualify for UC for every day of the assessment period in order to be eligible for a

payment. UC is paid in arrears for the month just passed and the amount of Child Maintenance liability accrued during that month will be deducted from the UC award at the end of that monthly (UC) assessment period.

Process

System interface

The onus is on the NRP to tell us if they or their partner are in receipt of UC, as currently there is no system interface between CMG and UC.

CMG may not be aware that the NRP is in receipt of UC, unless we are informed of it.

Universal Credit claimant

Note: UC is an income-related household benefit and therefore does not have a 'main claimant'. For child maintenance deduction requests, there is no requirement to establish who the UC claimant is. As it is awarded on a household basis however, the maximum deduction that can be taken from any award of UC is the £7 Flat Rate + £1.40 collection charges therefore, if it is claimed by two NRPs (as a couple), each NRP would be liable to pay maintenance of £4.20 (i.e. $\text{£7} + \text{£1.40} \div 2$), unless the Nil Rate applies.

Universal Credit: Decision Making Guidance

[Discussing UC with clients](#)

Remember: The terms "UC Earned Income" and "UC No Earned Income" are internal terms used for working out child maintenance. These terms must not be used externally as clients will not be familiar with them.

When speaking to clients, caseworkers may need to explain that the UC award will have been based on the claimant having earnings or no earnings (as determined under Universal Credit legislation).

Universal Credit, no earned income

[2012/2677](#) Regulation 45(2) of the Child Support Maintenance Calculation Regulations 2012

[2013/376](#) Regulation 52 of the Universal Credit Regulations 2013

A NRP who is in receipt of UC and receives no income from employment (as calculated for the purposes of their UC award) will be considered as being in receipt

of benefit for Child Maintenance purposes. This will most likely result in a flat rate liability.

The flat rate liability may not be applicable (see also nil rate) where for example:

- the claimant (NRP) fulfils the Child Maintenance [definition of a child](#)
- the amount paid in UC is less than the flat rate (this could be a result of the UC award having deductions for other benefit overpayments)
- the NRP has 2 cases and one has shared care. The one that does not have shared care will be assessed at less than the flat rate, (which UC consider a “non-standard” amount, because it’s not the full £7)

Where the service type is Collect & Pay, a request can be made for child maintenance to be deducted from UC, however if applicable Direct Pay can still be requested/selected.

Remember: collection fees are still applicable for the collect and pay service.

Note: in cases where the NRP receives their UC as part of a couple, the deduction can be requested regardless of which member of the couple Universal Credit is actually paid to. As it is awarded on a household basis however, the maximum deduction that can be taken from any award of UC is the £7 Flat Rate + £1.40 collection charges therefore, if it is claimed by two NRPs (as a couple), each NRP would be liable to pay maintenance of £4.20 (i.e. $£7 + £1.40 \div 2$), unless the Nil Rate applies.

Nil rate

The nil rate of maintenance will apply to UC No Earned Income claimants where any of the criteria in Regulation 45 Child Support Maintenance Calculation Regulations 2012 or Paragraph 5(b) of Schedule 1 to the CS Act 1991 applies. The most common reasons will be: if the claimant is aged 16 or 17, or; if the payable amount of the UC award is less than £7 per week (or $\{£7 \times 52\} \div 12 = £30.33$ per month).

Universal Credit, earned income

[2013/376](#) Regulation 52 of the Universal Credit Regulations 2013

For child maintenance purposes, a NRP who is in receipt of UC and has earned income from employment will not be considered as being in receipt of benefit. Their liability will be calculated on historic income, just like any other employed NRP.

Any amount received by way of UC does not form part of the NRP’s income. Furthermore, unlike UC awards with no earned income which are treated as awards of benefit, there is no requirement to calculate a new MC simply because a NRP who is working starts to claim UC earned income in addition to their income (such as an

income top-up), or vice versa (such as i.e. a NRP who is earning and having their income topped-up with UC starts to earn enough from working that their UC award ends). Such changes would only need considering if they are reported or requested by a client.

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