
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations contain provisions in relation to universal credit under Part 1 of the Welfare Reform Act 2012 (c.5) (“the Act”). They also include provision for a benefit cap under section 96 of the Act.

Part 1 contains general provisions and, in particular, sets out some basic concepts that are relevant for determining the persons who are to be included in an award of universal credit.

Part 2 contains provisions about the conditions of entitlement to universal credit. It includes provisions about the basic conditions and provides for exceptions from those conditions.

Regulation 17 provides for the minimum amount of universal credit and regulation 18 for the maximum amount of capital a claimant or joint claimants are allowed in order meet the financial conditions.

Part 3 contains provisions about the calculation of the amount of an award of universal credit, including provision for the duration of an assessment period and for the amount of earned and unearned income to be deducted from the maximum amount of the award in each assessment period.

Part 4 contains the detailed provision about the elements that make up the maximum amount of an award. These are the standard allowance, an amount for each child or qualifying young person for whom a claimant is responsible, an amount for housing costs and amounts for special needs and circumstances (limited capability for work or for work and work-related activity, regular and substantial caring responsibilities for a severely disabled person and childcare costs).

In part 4, in particular, regulations 25 and 26 and Schedules 1 to 5 provide for the amount to be included in respect of a claimant's liability for payments in respect of accommodation occupied as their home. Schedules 1 to 3 contain general provision as to the types of payments, when a person is regarded as liable for such payments and when they are regarded as occupying accommodation. Schedule 4 provides for the calculation of the amount of the housing costs element where a claimant is renting accommodation and Schedule 5 provides for the calculation where a claimant owns their accommodation.

Part 5 and Schedules 6 to 9 provide for how it is determined whether a claimant has limited capability for work or limited capability for work and work-related activity. This is relevant for the purposes of entitlement to the LCW and LCWRA elements of the award under Part 4 and for the purposes of determining the work-related requirements applicable to a claimant under Part 8.

Part 6 and Schedule 10 provide for how a person's capital and income (earned and unearned) are to be calculated. This applies for the purposes of the financial conditions and for calculating the amount of an award. Chapter 1 deals with capital. Chapter 2 deals with earned income, which is also relevant for the purposes of applying various thresholds in Parts 7 and 8. Chapter 3 deals with unearned income.

Chapter 4 of Part 6 provides for the treatment of income and capital in certain circumstances.

Regulation 75 deals with compensation for personal injury and regulation 76 deals with certain schemes set up to provide compensation for specific events or to meet specific needs. Regulation 77 deals companies that are analogous to a partnership or one person business.

Part 7 provides for the benefit cap. This reduces the award of universal credit where the total amount of welfare benefits to which a claimant or joint claimants are entitled exceed a prescribed amount. Regulations 82 and 83 provide for exceptions for claimants who have earnings or are in receipt of certain benefits.

Part 8 provides for the claimant's responsibilities. Chapter 1 makes provision in relation to the work-related requirements under sections 15 to 22 of the Act, including which requirements apply to which claimants, how those requirements are met and circumstances in which they do not apply.

Changes to legislation: *There are currently no known outstanding effects for the The Universal Credit Regulations 2013. (See end of Document for details)*

Chapter 2 provides for the reduction in the amount of an award (“sanction”) where a claimant fails to comply with work-related requirements and Schedule 11 deals with the transfer of sanctions which have been incurred in relation to a jobseeker's allowance or an employment and support allowance. Chapter 3 provides for hardship payments in certain cases where a sanction has been applied.

An assessment has been made of the impact of the introduction of universal credit. Copies of the impact assessment may be obtained from the Better Regulation Unit of the Department for Work and Pensions, 2D Caxton House, Tothill Street, London, SW1 9NA or from the DWP website at <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality>.

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