

## UNIVERSAL CREDIT DIGITAL SERVICE AMENDMENTS

[\[See Memo ADM 25/14\]](#) [\[See Memo ADM 2/15\]](#)

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## INTRODUCTION

- 1 This memo provides guidance on the Universal Credit (Digital Service) Amendment Regulations 2014 ([S.I. 2014 / 2887](#)). The changes come into force from 26.11.14<sup>1</sup>.

*1 Universal Credit (Digital Service) Amendment Regulations 2014, reg 1*

## BACKGROUND

- 2 The Department is introducing an enhanced online Digital Service for UC claimants in specific areas. This is guidance on changes to UC legislation for claimants in Digital Service areas. Paragraphs 3 – 6 provide guidance on who the changes apply to.

## SAVING

- 3 The changes in this memo **do not** apply to awards of UC made under specified legislation<sup>1</sup> unless the exception in paragraphs 4 – 5 applies. See ADM Chapters M1 – M4 and Memos [ADM 14/14](#), [15/14](#), [16/14](#) and [19/14](#) for guidance on making awards of UC, including relevant districts. These are known as Live Service awards.

*1 UC (DS) Amdt Regs, reg 5(1); WR Act 12 (Commencement No. 9 etc) Order; WR Act 12 (Commencement No. 11 etc) Order; WR Act 12 (Commencement No. 13 etc) Order; WR Act 12 (Commencement No. 14 etc) Order; WR Act 12 (Commencement No. 16 etc) Order; WR Act 12 (Commencement No. 17 etc) Order; WR Act 12 (Commencement No. 19 etc) Order*

## Exceptions

- 4 The changes in this memo apply to any Live Service awards of UC made to
  1. joint claimants, where a previous award of UC ended on formation of the couple  
**or**
  2. a single claimant, where a previous award of UC ended when a couple separated

and either member of the couple is a digital service claimant<sup>1</sup>.

## Meaning of digital service claimant

- 5 A digital service claimant is a person awarded UC who
1. lives in relevant district No. 28 **or**
  2. formed a couple with a claimant who was previously awarded UC when they lived in relevant district No. 28 **or**
  3. formed a couple with a claimant who was awarded UC as in paragraph 5 2. **or**
  4. formed a couple with a claimant who was awarded UC as in paragraph 5 3.<sup>1</sup>

**Note:** See [Memo ADM 25/14](#) for further guidance on UC claims in relevant district No. 28, known as the Digital Service area.

*1 UC (DS) Amdt Regs, reg 5(3); WR Act 12 (Commencement No. 20 etc) Order*

### Example

Moira lives in relevant district No. 28. She is awarded UC as a single claimant when she becomes unemployed. Moira joins her partner Alex, who is also unemployed and entitled to UC, and lives in relevant district No. 20. They are awarded UC as joint claimants. Later, Moira leaves the household, and is entitled to UC as a single claimant. Alex is joined by a new partner, Laura, and they are entitled to UC as joint claimants. Moira, Alex and Laura are all digital service claimants, so the changes in this memo apply to them.

## CLAIMS AND PAYMENTS

- 6 Guidance at [ADM A2025 – A2026](#) should no longer be followed as the regulation<sup>1</sup> which provided that a former claimant who lost entitlement to UC due to receipt of earned income need not make a new claim upon the earned income being reduced has been revoked. Guidance at [ADM A2045 5](#). Should also not be followed as the provision has been revoked<sup>2</sup>.

*1 UC, PIP, JSA & ESA (C&P) Regs, reg 6; 2 reg 26 (3) (e)*

- 7 Where an award of UC to joint claimants is terminated because they cease to be a couple<sup>1</sup> an award of UC may be made without a claim to either or each one of them

1. as a single person **or**
2. if either of them has formed a new couple with a person who is already entitled to UC, jointly with that person.

*1 UC, PIP, JSA & ESA (C&P) Regs, reg 9(6)*

8 A couple who are joint claimants are to be treated as making a claim for UC where<sup>1</sup>

1. one of them ceased to be entitled to an award of UC (whether as a single person or as a member of a different couple) on the formation of that couple **and**
2. the other member of the couple did not have an award of UC as a single person before formation of the couple,

and the claim is to be treated as made on the day after the member of the couple mentioned in 8.1 ceased to be entitled to UC.

*1 UC, PIP, JSA & ESA (C&P) Regs, reg 9(8)*

9 In cases where a claimant makes a new claim for UC within 6 months of a previous award and the new award is to have the same assessment period as the previous award as a result of prescribed legislation<sup>1</sup> then the new claim must be made before the end of that assessment period<sup>2</sup>.

*1 UC Regs, reg 21(3C); 2 UC, PIP JSA & ESA (C&P) Regs, reg 26 (5)*

## **CHILDCARE COSTS**

10 [ADM F7031](#) describes the prescribed time limits to notify childcare costs to the DM. These changes bring in a more restrictive reporting rule for claimants in the Digital Service area.

### **Costs**

11 In order to qualify for the childcare costs element, one of the conditions which the claimant must satisfy is that they have paid charges for relevant childcare. From 26.11.14 this cost condition is met, in respect of an assessment period, where the claimant has reported to the DM that he has paid charges in. or in respect of, that assessment period for relevant childcare in respect of

1. a child **or**
2. a qualifying young person

for whom the claimant is responsible and those charges are attributable to that assessment period.

*1 UC Regs, reg 33(1)(za)*

### **Time limit to report childcare costs**

- 12 The time limit described [F7032](#) should no longer be applied. To be eligible for the childcare costs element in any assessment period, the DM needs to have received notification of the amount of childcare costs that have been paid by the claimant (and are attributable to that assessment period) before the end of the relevant assessment period<sup>1</sup>.

*1 UC Regs, reg 33(1)(za)*

#### **Example**

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs in respect of 1<sup>st</sup> January to 31<sup>st</sup> March in advance but does not remember to report these costs until 28<sup>th</sup> February. The costs paid in respect of 1<sup>st</sup> January to 12<sup>th</sup> February are out of time (as they relate to assessment periods which ended before the costs were reported), so will not be included in the childcare costs element. However, the costs paid in respect of 13<sup>th</sup> February to 31<sup>st</sup> March are reported in time so will be accepted.

**Note:** For the costs from 1<sup>st</sup> January to 12<sup>th</sup> February the DM can consider them if the late notification criteria are satisfied.

#### **Late notification**

- 13 Where costs are reported late the time limit for notifying the DM that childcare costs have been paid can be extended provided all of the five conditions described at A4205 to A4209 are satisfied.

#### **Example**

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays his childcare costs in respect of 1<sup>st</sup> January to 31<sup>st</sup> March in advance but does not remember to report these costs until 28<sup>th</sup> February. The costs paid in respect of 1<sup>st</sup> January to 12<sup>th</sup> February are out of time (as they relate to assessment periods which ended before the costs were reported), so will not be included in the childcare costs element. However, the costs paid in respect of 13<sup>th</sup> February to 31<sup>st</sup> March are reported in time so will be accepted. The DM invites Cornelius to apply for an extension of time and to include his reasons

and special circumstances for being late in reporting the costs in respect of 1<sup>st</sup> January to 12<sup>th</sup> February. Following further explanation from the claimant the DM decides there are no special circumstances and Cornelius could have reported that he had paid the charge within the relevant notification period.

### **Attributable to an assessment period**

- 14 Where the claimant has notified the DM of his childcare costs in time the DM can then go on to consider if the costs are attributable to an assessment period. To be attributable to an assessment period those costs
1. have to be paid in that assessment period for childcare in respect of that assessment period **or**
  2. have to be paid in that assessment period for childcare in respect of any previous assessment period **or**
  3. have to have been paid in either of the two previous assessment periods for childcare in respect of that assessment period<sup>1</sup>

*1 reg 34A(1)*

### **Example**

Cornelius has an assessment period that starts on the 13<sup>th</sup> of each month and ends on the 12<sup>th</sup> of the following month. He pays his childcare costs on the 10<sup>th</sup> of January for the costs he incurred during December and he notifies the Department of his payment by telephone on the 11<sup>th</sup> January. The notification is in time and the childcare costs (for the period of 1<sup>st</sup> December to 31<sup>st</sup> December) are all attributable to the assessment period of 13<sup>th</sup> December to 12<sup>th</sup> January. [The costs paid in respect of 1<sup>st</sup> December to 12<sup>th</sup> December are attributable to that assessment period under paragraph 14.2, whilst those paid in respect of 13<sup>th</sup> December to 31<sup>st</sup> December are attributable under paragraph 14.1.]

### **Costs paid in advance of the award**

- 15 Where the claimant has paid childcare costs before, or in respect of childcare provided before the commencement of his current award, then the months prior to the commencement of the UC award should be treated notionally as assessment periods in order to determine whether the criteria described in para 14 as regards attribution to a particular assessment period are met.

**Note:** in such cases, each preceding month should be treated as beginning on the same day as it would have done if it were an assessment period<sup>1</sup>.

*1 reg 34A(3)*

### **Example**

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He makes his UC claim on 13<sup>th</sup> March and reports having made an advance payment of childcare costs, on 31<sup>st</sup> January, covering the period from 1<sup>st</sup> January to 31<sup>st</sup> March. The DM treats the months prior to 13<sup>th</sup> March as notional assessment periods and as such Cornelius is able to establish that the costs were paid in a previous assessment period for the childcare in respect of the current assessment period, as per paragraph 14.3. The costs paid in respect of the period of 13<sup>th</sup> March to 31<sup>st</sup> March can therefore be included in the childcare costs element.

### **Costs paid in advance during the award**

- 16 Where the claimant pays charges for relevant childcare in advance in respect of more than one month or more than one assessment period in a single payment, as described in para 14 3., then the proportion of the advance payment paid in respect of all or part of an assessment period is calculated using the following formula<sup>1</sup>

#### **(PA/D) x AP**

Where

**PA** is the total amount of the advance payment less any amounts which are to be left out of account, as described at [F7041 to F7045](#).

**D** is the total number of days covered by the payment

**AP** is the number of days covered by the payment which also fall within the assessment period in question.

### **Example**

Cornelius has an assessment period that starts on the 13th of each month and ends on the 12th of the following month. He pays £500 childcare costs on the 10<sup>th</sup> of January and he notifies the Department by telephone on the 11<sup>th</sup>. The costs he paid are to cover childcare costs for January and February (59 days) and no amounts are to be left out of account under F7041-7045. Therefore

1. in the assessment period of 13<sup>th</sup> December to 12<sup>th</sup> January, 12 days are covered by the payment (1<sup>st</sup> January to 12<sup>th</sup> January and so the amount of the advance payment in respect of this is £101.69 ( 500/59 x 12)
2. for the assessment period of 13<sup>th</sup> January to 12<sup>th</sup> February, the amount is £262.71 (500/59 x 31) as all 31 days are covered by the advance payment, and
3. in the assessment period 13<sup>th</sup> February to 12<sup>th</sup> March, 16 days are covered by the payment (13<sup>th</sup> February to 28<sup>th</sup> February), so the amount is £135.59 (500/59 x 16).

### **Childcare charge limit**

- 17 The amount of the childcare cost element is limited to 70% of the charges paid that are attributable to that assessment period<sup>1</sup> or the relevant maximum amount, as described at [ADM F7040.2 or .3](#), whichever is the lesser amount.

*1 reg 34(1)(a)*

### **ASSESSMENT PERIODS**

- 18 UC is paid in respect of an assessment period. These amendments describe the assessment periods for a variety of different scenarios

#### **Joint claimants – couple split up**

- 19 A joint claim couple will cease to be entitled to UC when they split up; however, each member of the couple will be entitled to a further award as a single claimant without the need to make a new claim. The new assessment period for each person will begin on the same date of each month as the assessment period for the old joint award<sup>1</sup>. The guidance at [ADM E2126 and E2127](#) should no longer be followed.

**Note** where a couple with a joint claim splits up and one member forms a new couple with another person on UC, the new couple will be entitled to a joint award without a new claim.

*1 UC Regs, reg 21(3)*

#### **Example**

Tom and Katie are entitled to UC as a couple. Their assessment period is the 3rd of the month to the 2nd of the following month. They cease to be a couple on 27th November when Katie moved out. Tom rings up to notify DWP of this on the 27th. The DM terminates the award of UC from the first day of the assessment period in which

this change occurs – namely the 3rd of November. Neither Tom nor Katie have to make a new claim to UC and they are each awarded UC as single claimants from the 3rd of November.

### **Joint claimants – two become one**

- 20 [ADM E2121](#) describes the situation where two single UC claimants form a joint claim couple including the option of choosing their assessment period. From 26/11/14 the option to choose is removed and the assessment period will begin on the same day of each month as the assessment period for whichever of the previous awards ended earlier<sup>1</sup>.

*1 reg 21(3A)*

### **Two singles become a couple**

- 21 A single UC claimant who ceased to be entitled to UC when they became a couple with a person who was not a UC recipient will be entitled to a further award without making a claim (because they will be treated as having made a joint claim). Where that couple is treated as making a claim, the new assessment period will begin on the same date of each month as the assessment period for the old single person UC award<sup>1</sup>

*1 reg 21(3B)*

## **RE-CLAIMS**

### **Previous award**

- 22 Where a claim is made by a single person or members of a couple jointly and
1. the last day of a previous entitlement of the claimant or either joint claimant fell within the 6 months preceding the claim **and**
  2. during the 6 months preceding the claim they continued to meet the basic conditions for UC (other than accepting a claimant commitment or temporary absence from GB that would be disregarded) **and**
- they were not excluded as a person who is
3. a member of a religious order

4. a prisoner (other than those described at [ADM E3040](#))
5. serving a sentence of imprisonment in hospital

then the assessment period for the claimant or members of a joint couple will begin on the same date of each month as the assessment period in the old award or, if there was an old award in respect of each joint claimant, the assessment period that ends earlier in relation to the date of claim<sup>1</sup>.

*1 UC Regs, reg 21(3C)*

**Note:** For **2.** the DM should consider the whole of the 6 month period preceding the claim irrespective of whether the period since the last day of the previous entitlement (under **1.**) is less than 6 months.

### **Example**

David's award of UC runs from 3<sup>rd</sup> of each month to 2<sup>nd</sup> of the following month. His current award is reduced because of earnings. On 30<sup>th</sup> October his earnings increase sufficiently to terminate his UC award from the first day of the assessment period in which he received the earnings i.e 3<sup>rd</sup> October. David's earnings reduced on 28<sup>th</sup> February. Under these new provisions David has to actually make a claim, which he does on 15<sup>th</sup> March. The action of making a claim should set his assessment period as 15<sup>th</sup> March to 14<sup>th</sup> April; however the assessment period for his old award (3<sup>rd</sup> of one month to the 2<sup>nd</sup> of the following month) can be re-instated. David's UC is reinstated from 3<sup>rd</sup> March.

### **One member excluded**

23 Where a person has formed a new couple with someone not on UC, they will still be treated as making a joint claim (see para 21) or be entitled to a further award with the same assessment period as their old award (see para 22) if the new member of the couple does not meet the basic entitlement conditions of being

1. at least 18 years old **or**
2. in Great Britain<sup>1</sup> **or**
3. an excluded person<sup>2</sup>

at the start of the assessment period but does meet those conditions at the end of it<sup>3</sup>.

*1 WR Act s 4: 2UC Regs, reg 19: 3 reg 21 (3D)*

### Example

Sally is getting UC with an assessment period from the 3rd of each month to the 2nd of the following month. Her partner Warren is released from prison on 20th August.

They are assessed a joint claim couple from 3rd August even though Warren does not satisfy the basic conditions (he was an excluded person) until 20th August.

### Assessment period of less than a month

- 24 [ADM E2114 to E2117](#) describes where the claimant can have an initial assessment period of less than one month and how to calculate that part month entitlement. From 26/11/14 this facility is withdrawn and that guidance should no longer be followed.

### Ceased employment

- 25 Where a claimant meets the criteria described in paragraph 22 and claims UC within 7 days of ceasing work (or longer where the Secretary of State considers there is good reason for the delay in making the claim) then the UC award will be made in respect of the full assessment period in which the date of the new claim falls.

**Note:** See ADM chapter K2 for what constitutes good reason

### Ceased employment – late claim

- 26 Where a claimant meets the criteria described in paragraph 22 and claims UC other than within 7 days of ceasing work (or longer where the Secretary of State considers there is good reason for the delay in making the claim) then the award for the first assessment period is apportioned to cover the period from the date of the new claim to the last day of the re-instated assessment period..
- 27 The apportioned award is determined by deducting the apportioned amount of earned/unearned income from the apportioned maximum amount (being the sum in the award). The component parts of this calculation are each apportioned using

$$Nx \left( \frac{Ax12}{365} \right)$$

where

N is the number of days in the period beginning with the date on which the claim is made and ending with the last day of the assessment period

A is the amount of each element that would otherwise be payable for that assessment period or, for the other aspect of the calculation, A is the total amount of earned and unearned income that would otherwise be deducted for that assessment period.

### **Example**

Elise is 26, single, has no children and lives at home with her parents as a result she receives £314.67 a month UC for each assessment period (which runs from 10<sup>th</sup> to the 9<sup>th</sup> of each month). After five months receiving UC payments Elise finds a job working at a local supermarket; however, 6 weeks later, the supermarket tells her that her contract will end on 6<sup>th</sup> October. Although Elise is entitled to make a claim for UC she does not do so immediately but searches for another job for a couple of weeks whilst living off her savings. She makes a claim for UC on 20<sup>th</sup> October. When Elise makes a claim for UC, she automatically resumes her original assessment period which starts on the 10<sup>th</sup> of each month and because she made the new UC claim on the 20<sup>th</sup> October, her first new assessment period would be from the 10<sup>th</sup> October to 9<sup>th</sup> November. However, before she is paid for this assessment period the DM considers whether she had good reason for not making her new UC claim within 7 days of her job ending i.e. between 6<sup>th</sup> October and 13<sup>th</sup> October. If Elise is considered to have good reason, she will be paid for the entire assessment period i.e. from 10<sup>th</sup> October to 9<sup>th</sup> November. If she is not considered to have good reason she will receive a partial payment of UC in respect of the period from the date she made the UC claim i.e. 20<sup>th</sup> October to the end of her assessment period i.e. 9<sup>th</sup> November (calculated by applying regulation 22A). After consideration Elise is found not to have good reason for not making her UC claim within 7 days of leaving her job and is therefore paid UC for 21 days i.e.  $£314.67 \times 12$  (£3776.04) / 365 (£10.3453150684) x 21 = £217.2516164364.

However, in her previous job Elise was paid at the end of each month and she receives £225 (for the 1<sup>st</sup> October to 6<sup>th</sup> October) on 31<sup>st</sup> October. As a result of these earnings being received within her assessment period i.e. between 10<sup>th</sup> October and 9<sup>th</sup> November they are apportioned so they can be applied to her apportioned UC award between 20<sup>th</sup> October and 9<sup>th</sup> November. This is done by applying the work allowance and taper to the whole of her assessment period i.e. £225 – £111 x 65% giving an earnings deduction of £74.10. This is then apportioned for the period 20<sup>th</sup> to 9<sup>th</sup> i.e.  $£74.10 \times 12$  (£889.20) / 365 (£2.43616438356164) x 21 = £51.15945205479 and deducted from her total apportioned UC award i.e. £217.2516164364 - £51.15945205479 giving £166.09 as her final UC award for this assessment period

## CALCULATION OF UNEARNED INCOME

- 28 [ADM H5200 et seq](#) provides guidance on the calculation of unearned income. The general rule is that unearned income has to be calculated as a calendar monthly amount<sup>1</sup>. Where an amount of unearned income is not made on a monthly basis then it has to be calculated as a monthly figure<sup>2</sup>.

*1 UC Regs, reg 73(1); 2 reg 73(2)*

- 29 Where unearned income relates to a period which either begins or ends during an assessment period, then the amount of unearned income has to be calculated using the formula<sup>1</sup>

$$Nx\left(\frac{Mx12}{365}\right)$$

where:

N is the number of days in respect of which unearned income is paid that fall in the assessment period; and

M is the monthly amount of the income as calculated in accordance with ADM H5200 or [ADM H5202](#)

*1 UC Regs, reg 73(2A)*

### Example

Josh is in receipt of UC. During the assessment period running from 3<sup>rd</sup> December to 2<sup>nd</sup> January, he begins to receive a payment of new style JSA. The payment of JSA is paid in respect of 17<sup>th</sup> December onwards and the weekly rate is £57.35 or £248.52 as a monthly figure. For the purposes of Josh's UC assessment period, this payment of JSA is calculated as follows

$$17x\left(\frac{248.52x12}{365}\right)$$

This means that the amount of JSA to take into account for the assessment period is £138.90 ((£248.52 x 12 / 365) x 17 days in respect of which JSA is paid in the assessment period).

## **ANNOTATIONS**

Please annotate the number of this memo (Memo ADM 26/14) against ADM paragraphs:

A2019, A2025, A2026, A2036, A2038, A2045, E2121, E2124, F7041, F7031, H5200, Memo ADM 25/14

## **CONTACTS**

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 1S25, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in Memo DMG 3/13 - Obtaining legal advice and guidance from DMA Leeds.

**DMA Leeds: November 2014**