Universal Credit
Payment Overview
and Autocalc Overview

The key stages in calculating the Universal Credit payment

Note: This is a diagrammatical overview of the process as an aid to what is included in the payment design process and autocalc-important notes on slide 8

Detailed Payment guidance will be produced in the future.

The main stages in the payment process

Stage 1 – Identify the Benefit Unit
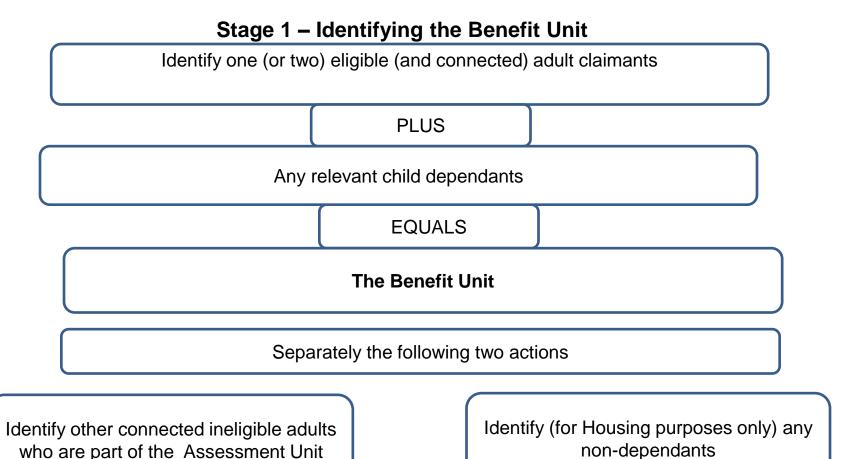
Stage 2 – Calculate the Universal Credit maximum amount

Stage 3 – Calculate the adjusted Universal Credit award

Stage 4 – Calculate the Universal Credit entitlement

Stage 5 – Calculate the Universal Credit payment

Stage 1 – Identifying the Benefit Unit

Identify one (or two) eligible (and connected) adult claimants

PLUS

Any relevant child dependants

EQUALS

The Benefit Unit

Separately the following two actions

Identify other connected ineligible adults who are part of the Assessment Unit

Identify (for Housing purposes only) any non-dependants

Notes to support the above stage:
- Eligibility satisfies the basic conditions:
  - on age
  - claimant signs the Claimant Commitment
  - £16,000 capital limit for a couple

- Universal Credit awards are made in respect of a Benefit Unit
- If one adult in a couple is ineligible, they are still a part of the Assessment Unit

Stage 2 – Calculate the Benefit Unit's 'maximum amount' by adding up relevant amounts

Adults

Standard Allowance
4 set rates dependent upon 1 or 2 adults and if under or over 25 years of age

Plus where appropriate, the following additions

Children

Child / Disabled Child
Higher set rate for first child, lower set rate for second and subsequent children.
Extra set amount if children disabled or severely disabled

Childcare

85 per cent of costs to a cap

Carer

A set rate

Limited capability for work

Limited capability for work or work-related activity
A higher flat rate
Limited capability for work
A lower flat rate

Housing

Rent or mortgage
Based on size criteria, claimant age, lower of rent or local Housing Authority rate

The sum of these parts equals the Universal Credit 'maximum amount'

Stage 3 – Calculate the Universal Credit adjusted award

Universal Credit maximum amount

MINUS

Any tariff income from applicable capital in the assessment unit

MINUS

Any other source of applicable income and unearned income in the assessment unit

MINUS

Any earnings via Real Time Information or earnings equivalent in the Assessment Unit (including self-employed Minimum Income Floor) taking account of work allowance (disregard) and 65% taper where appropriate

MINUS

Any reductions required to take account of the Benefit Cap

PLUS

Any increases necessary (where the Benefit Cap does / will not apply) to take account of Transitional Protection

EQUALS

The Universal Credit adjusted award

Stage 4 – Calculate the Universal Credit entitlement

Universal Credit award

MINUS

Any conditionality sanctions plus any hardship payment amounts if awarded

EQUALS

Universal Credit entitlement (subject to a 1p minimum)

Stage 5 – establish any deductions to be made to Universal Credit entitlement to work out the Universal Credit payment

Universal Credit entitlement

MINUS

Deductions

For example:
- Fraud Sanctions
- CSA Payment
- Recovery of overpayment
- Recovery benefit advance or hardship loans
- Third party deductions

NOTE: These are examples, not a complete list

EQUALS

The Universal Credit Payment

Autocalc – important notes

Autocalc

Pulls data through from declarations, accepted data and other 'actions'. Other 'actions' include for example: advances, sanctions, fraud penalties, recoverable hardship payments and deductions.

Autocalc works on the data input into the Full Service system, it is essential correct data is input.

Accepted data and unverified data

Accepted data is either:

- a declaration which has been verified by an member of staff
- a declaration which has been auto-accepted i.e. a claimant declares they no longer have housing costs

If there is accepted and unverified data, autocalc makes a calculation by comparing the two sets of data. The calculator will use the lower amount to make a safe payment.

Payment effective dates

The Full Service system uses the 'payment effective date' to decide from when it pays a claimant for a change.

Anything declared at the initial declaration, the payment effective date will be the start of the claim.

For a change of circumstance, the Full Service system uses logic when verified:

current Activity Period: if the "date of change" on the change of circumstance is within the current Activity Period, the payment effective date is the same as the 'date of change'

- previous Activity Period (late report): If the date of change is before the current assessment period then
  - If the change doesn't increase the award - the 'date of change' is used
  - If the change would increase the award - the date the claimant declared the change is used.

Late reporting

- If a change is reported late (for example, outside of the Activity Period it relates to), and results in an increase in payment, autocalc doesn't use this data in the calculation.
- If it results in a decrease in payment, autocalc does use the data in the calculation.