

## Payment Overview

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### Introduction

The Universal Credit payment calculation is set out in this document to help explain the key stages of the process.

### Stage 0 – Identifying the benefit unit

<b>Identify one (or two) eligible (and connected) adult claimants</b>	<b>PLUS</b>	<b>Any relevant child dependents</b>	<b>EQUALS</b>	<b>The benefit unit</b>
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<b>Separately</b>
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<b>Identify other connected ineligible adults (who are part of the assessment unit)</b>		<b>Identify (for housing purposes only) any non-dependents</b>
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Notes to support the above stage:

- Eligible satisfies the basic conditions:
  - on age
  - claimant signs the Claimant Commitment
  - £16,000 capital limit for a couple
- It should be noted that some Transitional Protection cases won't fulfil eligibility conditions
- 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 1 – Calculate the benefit unit’s maximum amount by adding up relevant amounts**

<b>Adults</b>	<p><b>Standard Allowance</b> 4 set rates dependent upon 1 or 2 adults and if under or over 25 years of age</p>
	<b>Plus</b> where appropriate, the following additions
<b>Children</b>	<p><b>Child / Disabled Child</b> Higher set rate for first child, lower set rate for second and subsequent children. Extra set amount if children are:</p> <ul style="list-style-type: none"> <li>• disabled</li> <li>• severely disabled</li> </ul>
<b>Childcare</b>	85% costs to a cap
<b>Carer</b>	Set rate
<b>Limited Capability for Work</b>	<p><b>Limited Capability for Work or Work Related Activity</b> A higher flat rate</p> <p><b>Limited Capability for Work</b> A lower flat rate</p>
<b>Housing</b>	<p><b>Rent</b> Size criteria, claimant age, lower of rent or Local Housing Authority rate</p> <p><b>Owner</b> Standard Mortgage Interest – to a cap</p>

The sum of all these relevant amounts equals the Universal Credit maximum amount

### Stage 2 – Calculate the Universal Credit adjusted award

<b>Universal Credit maximum amount</b>		
	minus	
<b>Any Tariff Income from applicable capital in the assessment unit</b>		
	minus	
<b>Any other source of applicable income in the assessment unit</b>		
	minus	
<b>Any earnings via Real time information or earnings equivalent in the assessment unit (including self-employed Minimum Income Floor) taking account of disregards and 65% Earnings Taper where appropriate</b>		
<b>Gives an adjusted award</b>		
	minus	
<b>Any reductions required to take account of the Benefit Cap</b>		
	plus	
<b>Any increases necessary (where the Benefit Cap does or will not apply to take account of Transitional Protection)</b>		
	equals	
<b>The Universal Credit adjusted award</b>		

The adjusted award is calculated by reducing the Stage 1 maximum amount, taking account of the key financial conditions and further revise the maximum amount (post-Step A) to take account of the other 2 key adjusting criteria.

### Stage 3 – Calculate the Universal Credit entitlement

<b>Universal Credit award</b>		
	minus	
<b>Any conditionality sanctions (plus any Hardship Payment amounts if awarded)</b>		
	equals	
<b>Universal Credit entitlement (subject to a 1p minimum)</b>		

**Stage 4 – Establish any deductions to be made to Universal Credit entitlement to work out the Universal Credit payment**

<b>Universal Credit entitlement</b>		
plus		minus
<b>Any short-term or budgeting advance</b>	and	<p style="text-align: center;"><b>Deductions</b></p> <p>For example:</p> <ul style="list-style-type: none"> <li>• fraud sanctions</li> <li>• Third Party deductions</li> <li>• Child Maintenance Group payment</li> <li>• recovery of overpayment</li> <li>• Benefit Advance</li> </ul>
	equals	
<b>The Universal Credit payment</b>		