Surplus, fluctuating and irregular earnings plus payment cycles

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Surplus earnings

When a Universal Credit award ends due to earnings from employment or self-employment or a combination of both and is reclaimed within 6 months, an amount of those earnings may be taken into account on reclaiming Universal Credit. The amount taken into account is called surplus earnings.

The amount of earnings considered surplus are the amount above the claimants ‘relevant threshold’. The ’relevant threshold’ is the amount of earnings that would nil the claimants award, plus £2,500 per month. The £2,500 is referred to as the ‘de minimis’.

Claimant separates from a partner

When a couple separate, any surplus earnings will be divided equally between them.

When they reclaim either as a single person or as part of a new joint claim, the surplus earnings apportioned to them individually are taken into account.

Victim of domestic violence or abuse

Surplus earnings must not be taken into account in respect of a claimant who has (or had at the time the old award terminated) recently been a victim of domestic violence.Fluctuating earnings
There is no averaging of fluctuating earnings across an assessment period. The earnings calculation for most claimants is based on the actual amount reported in respect of that assessment period.

For some claimants, the current regulations allow Universal Credit to move one set of earnings from an assessment period into another.
This applies to:

- earnings information that Universal Credit determine to be reported late or reported in the wrong assessment period
- claimants who are paid calendar monthly and receive 2 lots of earnings in 1 assessment period

Note: This only applies from assessment periods that begin on or after 16 November 2020.

Claimants who are paid weekly, fortnightly or four-weekly will always have occasions where more than one set of earnings will have been taken into account in a monthly assessment period.

Once earnings are taken into account, the correct regime that applies to the claimant is automatically calculated. For further information, see Labour Market regimes.

Irregular earnings

Irregular earnings are taken into account in the assessment period in which they are received by DWP. This includes earnings from seasonal work.

Where more than one amount is received, the higher amount that is reported of all net self-reported and Real Time Information (RTI) reported earnings are taken into account. This can be where the claimant has more than one job.

If the earnings increase to a level that reduces the Universal Credit to nil, the claim is closed.

If the claimant reclaims Universal Credit within 6 months of their last Universal Credit entitlement ending, any surplus earnings may be taken into account on the new award.

For further information, see Surplus earnings and Reclaims.

Missing and incorrect payments

Where an employer reports the earnings, incorrectly or it is missing, it is taken into account, on an award for Universal Credit, when it is reported to DWP.

This may lead claimants to query their earnings calculation, when they have evidence showing they were paid differently to the information received through RTI.

There are exceptions to the use of information received through RTI, where other information or evidence, not received through RTI can be used.
These exceptions are where:

- the employer is unlikely to provide information in an accurate or timely manner
- the amount reported to RTI is incorrect, it may contain the wrong amount of tax or it may have been wrongly calculated
- no information is reported on RTI, which is likely to indicate a failure to report information due to a general computer failure or employer failure

For further information, refer to Real time information and disputed earnings

Earnings not paid monthly

If a claimant is paid weekly, fortnightly, or every four weeks - there are assessment periods throughout the year where an extra set of earnings are received and taken into account.

Earnings paid every 4 weeks

In a 12-month period there can be two wage payments received within an assessment period. This can only occur once.

AP1	AP2	AP3	AP4	AP5	AP6
1 x earnings paid	1 x earnings paid	1 x earnings paid	1 x earnings paid	2 x earnings paid – Universal Credit reduced or nil award	1 x earnings paid
AP7	AP8	AP9	AP10	AP11	AP12
1 x earnings paid	1 x earnings paid	1 x earnings paid	1 x earnings paid	1 x earnings paid	1 x earnings paid

Earnings paid every 2 weeks

In a 12 month period there can be three wage payments received within an assessment period. This can only occur twice.

AP1	AP2	AP3	AP4	AP5	AP6
2 x earnings paid	2 x earnings paid	2 x earnings paid	2 x earnings paid	3 x earnings paid – Universal Credit reduced or nil award	2 x earnings paid
AP7	AP8	AP9	AP10	AP11	AP12
2 x earnings paid	2 x earnings paid	3 x earnings paid – Universal Credit reduced or nil award	2 x earnings paid	2 x earnings paid	2 x earnings paid

Earnings paid every week

In a 12-month period there can be five wage payments received within an assessment period. This can only occur 4 times.

AP1	AP2	AP3	AP4	AP5	AP6
4 x earnings paid	4 x earnings paid	5 x earnings paid – Universal Credit reduced or nil award	4 x earnings paid	5 x earnings paid – Universal Credit reduced or nil award	4 x earnings paid
AP7	AP8	AP9	AP10	AP11	AP12
4 x earnings paid	5 x earnings paid – Universal Credit reduced or nil award	4 x earnings paid	5 x earnings paid – Universal Credit reduced or nil award	4 x earnings paid	4 x earnings paid

Decreased earnings

If a claimant’s earnings decrease because of:

- a trade dispute - the level of earnings they would have had if they had not been involved in a trade dispute is taken into account.
- an unpaid absence or any reason other than trade dispute - the lower amount of earnings is taken into account