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Introduction

The Government supports the principle that people should be able to access financial help after paying into the National Insurance contributions scheme. Therefore, both contribution-based Employment and Support Allowance (ESA) and Jobseeker's Allowance (JSA) will remain following the introduction of Universal Credit.

In order to enable Universal Credit and contribution-based JSA or ESA to be paid together, a 'New Style' of ESA and JSA has been introduced.

The New Style benefits consist of a contribution-based element only, which means that they can be paid regardless of whether a claimant is also entitled to Universal Credit or not.

A claimant cannot have entitlement to both Universal Credit and Legacy 'old style' versions of JSA and ESA because these benefits include both contribution-based and income-related elements.

Universal Credit and New Style ESA or JSA can be claimed (and paid) alongside each other.

New Style ESA and JSA are also payable where claimants do not qualify for Universal Credit, but satisfy the conditions of entitlement for these contribution-based benefits. For example, claimants who don't qualify for Universal Credit, because they have capital over £16,000, might still qualify for New Style ESA or JSA. Claimants who want to apply for New Style ESA or JSA, will have to do so separately. Claimants don't need to have made a claim to Universal Credit in order to make a claim to New Style ESA or JSA.

Claimants must be made aware, one of the benefits of claiming New Style ESA and JSA is that, if the benefit is awarded, they will be credited with a Class 1 National Insurance (NI) credit. This is true even when they are also entitled to Universal Credit for which a Class 3 NI credit is normally awarded. Class 1 NI credits count towards the State Pension, Bereavement Benefits and contribution-based benefits, whereas Class 3 NI credits only count towards the State Pension and Bereavement Benefits.

Class 1 NI credits are also credited when a claimant meets the entitlement conditions for a New Style award but no benefit is being paid - for example, if an occupational pension has reduced their entitlement to nil. However, no NI contribution will be credited if the claimant's award of New Style JSA has been sanctioned.

Other key points are that:

- the contribution conditions that a claimant must satisfy to be entitled to New Style ESA or JSA are exactly the same as for old style ESA and JSA, see Entitlement below
- the conditionality structure of New Style ESA and JSA differs slightly from that of old style ESA and JSA and is similar to Universal Credit
- New Style ESA and JSA are delivered on the JSA Payment system (JSAPS), while Universal Credit is delivered on the Universal Credit system
- unlike Universal Credit, New Style ESA and JSA count towards taxable income

The following sections explain how New Style ESA and JSA work and about the different types of claim.

New Style Jobseeker's Allowance

Definition of New Style Jobseeker's Allowance

New Style Jobseeker's Allowance (JSA):

- is for people who are actively looking for full-time work but don't have a job

- is for people who have a job and work for less than 16 hours per week
- can be paid on its own or with Universal Credit, see Dual claims below

Entitlement to New Style Jobseeker's Allowance

To be entitled to New Style Jobseeker's Allowance (JSA), a claimant must first satisfy the two following contribution conditions. They must normally have both of the following:

- worked and paid (or be treated as having paid) Class 1 National Insurance (NI) contributions for 26 weeks (but not necessarily continuous weeks) in at least one of the two complete tax years before the start of the benefit year in which the claim is made - earning at least the lower earnings limit for that tax year in each of those weeks
- in each of those two tax years, to have paid (or be treated as having paid) or been credited with, Class 1 NI contributions that amount to at least 50 times the Lower Earnings Limit

A benefit year runs from the first Sunday (each year) in January and ends on the first Saturday immediately preceding the first Sunday in January the following year.

The rules on the treatment of earnings or pension income and the contribution conditions are the same as for old style JSA.

Entitlement to New Style JSA is limited to 182 days in any one job-seeking period.

Work-related requirements for New Style Jobseeker's Allowance

The work-related requirements for New Style Jobseeker's Allowance (JSA) claimants are the same as those for Universal Credit claimants who do not have limited capability for work.

The details of what a claimant must do to meet their work-related requirements (and the consequences of not doing so) are set out in a claimant commitment, which the claimant must accept as a condition of entitlement.

New Style JSA claimants are required to be available for work and work search for up to 35 hours a week. However, if the claimant has caring responsibilities or has a physical or mental impairment, the number of hours which they are required to be available can be reduced to a reasonable number for their particular circumstances. For example, if the claimant is the responsible carer for a child under the age of 13, they would be expected to be available for the hours that the child attends school less the time it takes to travel from the school to the place of work. See Claimant Commitment Hub for other switching-off requirements (easements) that may apply.

New Style Employment and Support Allowance

Definition of New Style Employment and Support Allowance

New Style Employment and Support Allowance is paid to people with limited capability for work because of illness or disability.

Entitlement to New Style Employment and Support Allowance

The contribution conditions for New Style Employment and Support Allowance (ESA) are similar to those that apply to New Style Jobseeker's Allowance, except that the Class 2 National Insurance (NI) contributions paid by self-employed people count for New Style ESA as well as the Class 1 NI contributions paid by employees.

Entitlement to New Style ESA is normally limited to 365 days in any one period of limited capability for work. However, the limit does not apply if the claimant is a member of the Support Group or for any period where they have limited capability for work and work-related activity.

Work-related requirements of New Style Employment and Support Allowance

The work-related requirements for New Style Employment and Support (ESA) claimants are the same as those for Universal Credit claimants who have limited capability for work (LCW) or limited capability for work and work-related activity (LCWRA). Like Universal Credit, some claimants will not have any work-related requirements.

The details of what a claimant must do to meet their work-related requirements (and the consequences of not doing so) are set out in their claimant commitment, which the claimant must accept as a condition of entitlement.

A Work Capability Assessment (WCA) must be completed for New Style ESA claimants in exactly the same way as for Universal Credit. For New Style ESA purposes, the claimant may (depending on the circumstances) be treated as having LCW (and may therefore be entitled to benefit where appropriate) until the WCA is completed - as long as they provide medical evidence.

Once the WCA is completed, a decision maker will decide if the claimant has LCW or LCWRA and if they are entitled to New Style ESA. New Style ESA ends if the claimant is found fit for work.

If a claimant makes a repeat claim for New Style ESA having been previously found fit for work at a WCA - New Style ESA will only be paid if the claimant has developed a new condition or an existing condition has deteriorated significantly.

Why a claimant might claim New Style Employment and Support Allowance

See New Style Employment and Support Allowance page on GOV.UK for information on what a claimant may be able to claim depending on their circumstances.

Types of claims

There are three types of claim that can be made:

- Universal Credit only claims
- New Style Employment and Support Allowance or Jobseeker's Allowance only claims
- dual claims, where both benefits are claimed simultaneously

Universal Credit only claims

A claimant is not required to claim New Style Employment and Support Allowance (ESA) or Jobseeker's Allowance (JSA), even if they may be entitled. However, claimants must be advised that they could lose entitlement to New Style ESA or JSA if they delay claiming them. If they delay making a claim until the next benefit year, they may then fail to satisfy the relevant contribution conditions.

New Style ESA or JSA will not be treated as a source of income for Universal Credit purposes if it is not awarded and paid.

A claimant in receipt of Universal Credit only will receive a Class 3 National Insurance (NI) credit (if eligible) unless they are already receiving another benefit which entitles them to a higher class of NI credit.

New Style Employment and Support Allowance or Jobseeker's Allowance only claims

A claimant can choose to claim New Style Employment and Support Allowance (ESA) or Jobseeker's Allowance (JSA) on their own (whether or not they would be entitled to Universal Credit).

New Style ESA and JSA are paid fortnightly according to the claimant's National Insurance number in the same way as old style ESA and JSA awards.

Like Universal Credit, it is a condition of entitlement for New Style ESA and JSA that the claimant accepts a Claimant Commitment, although exceptions can be made if:

- the claimant lacks the capacity to accept the Claimant Commitment

- there are exceptional circumstances for which it would be unreasonable to expect the person to accept a Claimant Commitment

The Claimant Commitment explains what the claimant must do to meet their work-related requirements and the consequences of not doing so.

These requirements can be suspended for 13 weeks for victims of domestic abuse. See Domestic abuse.

Other exceptions to requirements being imposed include circumstances where a claimant is temporarily sick or recently bereaved. These exceptions are the same as for Universal Credit. See Claimant Commitment hub.

Any failure to follow the work-related requirements for New Style ESA and JSA can result in a benefit sanction unless good reason for the failure is shown.

The sanctions for New Style ESA and JSA are similar to those for Universal Credit although there are some differences in the number of sanction levels for each benefit.

New Style ESA and JSA sanctions do not apply for claimants who are also claiming Universal Credit (dual claims) as the Universal Credit sanctions will apply instead.

New Style ESA or JSA only claimants will be awarded a class 1 National Insurance credit.

Dual claims

A dual claim is where Universal Credit and New Style Employment and Support Allowance (ESA) or Jobseeker's Allowance (JSA) are claimed and paid alongside each other. This includes cases where the award of New Style ESA and JSA is nil.

In dual claims, payments of New Style JSA or ESA are taken into account as unearned income in the Universal Credit assessment.

Claimants who have a dual claim will be awarded a Class 1 National Insurance credit.

In dual claims, Universal Credit conditionality applies and the work-related requirements are managed through a Claimant Commitment. Failure to comply with the Claimant Commitment could result in only the claimant's Universal Credit being sanctioned.

If a claimant has a dual claim, they must accept a Claimant Commitment relating to the New Style ESA or JSA as this remains a condition of entitlement - but no conditionality or sanctions can be imposed through the New Style ESA or JSA Claimant Commitment. Universal Credit sanctions will apply instead for these claimants.

New Style JSA and ESA dual claimants must self-report any earnings to Jobcentre Plus in respect of their New Style JSA and ESA.

New Style ESA claimants may undertake Permitted Work for up to 16 hours per week and receive earnings up to £140.00 per week. However, this must be reported and agreed. Universal Credit will receive earnings information for the claimant through Real Time Information unless the claimant is informed that they must self-report.

Effect of New Style Employment and Support Allowance and Jobseeker's Allowance on Universal Credit

To avoid duplication of benefit payments, New Style Employment and Support Allowance (ESA) and Jobseeker's Allowance (JSA) is taken into account as unearned income in Universal Credit. The system automatically calculates the amended Universal Credit payments from the details held in 'Other Benefits'.

The amount taken into account is the 'adjusted gross award' of New Style ESA or JSA. This is the amount of the New Style ESA or JSA award after earnings and occupational pensions have been taken into account but before any other deductions, for example overpayments.

When payment of New Style ESA or JSA starts or ends in a Universal Credit assessment period, the actual number of days of New Style ESA or JSA paid is taken into account. Other changes to the amount of New Style ESA or JSA paid are taken into account using the 'whole month approach'. This means that the Universal Credit award is adjusted by taking into account the New Style ESA and JSA in payment at the end of the assessment period and applying that to the whole of that assessment period.

Example:

If a claimant starts working for 3 hours per week in the last week of their Universal Credit assessment period and earns £30 per week, their New Style JSA will be reduced by £25 ($£30 - £5 \text{ disregard} = £25$) from £74.35 to £49.35.

The amount of unearned income taken into account for Universal Credit in that assessment period will be $£49.35 \times 52 \text{ weeks} \div 12 \text{ months} = £213.85$ (which is less than the amount of New Style JSA they actually received in that assessment period).

Alternatively, if the same claimant then stopped work in the last week of the following assessment period, the amount of unearned income taken into account for Universal Credit in that assessment period will be £74.35 x 52 weeks divided by 12 months = £322.18 (which is more than the amount of JSA they actually received in that assessment period).

When both Universal Credit and New Style ESA are in payment, the same Work Capability Assessment is used.

Successful New Style Employment and Support Allowance appeals

For dual claims only, if a claimant appeals against an New Style Employment and Support Allowance (ESA) outcome and that appeal is successful, a DWP Appeal or Mandatory Reconsideration Outcome notification will be sent to Universal Credit colleagues inbox: ucfull.service@dwp.gov.uk.

Appropriate action will be taken depending on the type of appeal outcome received.

New Style ESA processing staff will record on the JSA Payment system (JSAPS) that the notification has been sent to Universal Credit.

Claimants who work and receive New Style Employment and Support Allowance or Jobseeker's Allowance

New Style Employment and Support (ESA) and Jobseeker's Allowance (JSA) retain the old style ESA and JSA earnings, pension and payment rules which are different from those for Universal Credit.

If a claimant starts part-time work or self-employment of less than 16 hours per week on average, they are required to self-report earnings and hours of work for their New Style ESA or JSA claim.

Self-employed claimants with dual claims must report their earnings for both Universal Credit and New Style ESA or JSA. These details must be entered into both JSA Payment system (JSAPS) and Universal Credit separately.

A claimant who is entitled to New Style ESA who does any work (other than voluntary work) will normally be treated as not having limited capability for work and will lose their whole entitlement accordingly. However, there are some types of work that New Style ESA claimants can do without losing their benefit entitlement and is known more commonly as permitted work.

There are 2 categories of permitted work.

If a New Style ESA claimant starts work which is other than permitted work, or starts work which is permitted work but fails to follow the appropriate rules, their award of New Style ESA will terminate.

Similarly, if a New Style JSA claimant starts work and earns more than their award of New Style JSA plus the appropriate earnings disregard, they will not be paid any New Style JSA. A claimant with a dual claim may still be entitled to Universal Credit and the work allowance and earnings taper will apply.

A claimant who has only claimed New Style ESA and JSA may wish to claim Universal Credit in the above circumstances.

New Style Employment Support Allowance and Jobseeker's Allowance – effect on waiting days

Seven waiting days may be applied at the start of an award of New Style Employment and Support Allowance (ESA) or Jobseeker's Allowance (JSA) unless the claim is made within 12 weeks of the termination of a prescribed working-age benefit, or if no other exceptions apply. Any past or current entitlement to Universal Credit has no effect on the application of waiting days in New Style JSA or ESA.

Waiting days do not apply in Universal Credit.