

# **Administrative and Conditionality Earnings Thresholds: Guidance**

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## **Earnings rule**

The Administrative Earnings Threshold (AET) and Conditionality Earnings Threshold (CET) determine the requirements placed on individuals who are in work and receiving earnings, or in a household with earnings.

This ensures that a claimant is allocated to the correct regime relevant to their individual earnings or the household earnings.

## **Administrative Earnings Threshold**

The Administrative Earnings Threshold (AET) highlights those claimants who have no income, or whose income is below the AET, so they receive intensive support.

This support aims to help claimants increase their earnings by taking on more or better paid work either now or in the future.

The AET is set at both an individual and a household level based on gross earnings (earnings before any deductions).

From 1<sup>st</sup> April 2025 the rates are:

- single: £952.00
- couple: £1534.00

Self-employed earnings will not count towards this.

The individual AET impacts on a claimant, but the household AET impacts on both members of a couple.

For a couple, the household threshold determines which regime each partner is allocated to whether both are working or not.

Claimants with individual or household earnings above the AET, but whose earnings are not above the relevant individual or household CET, are subject to the Light Touch regime.

If a claimant's pay cycle is weekly, fortnightly, or four-weekly and we are made aware that the claimant is in the wrong regime they need to be moved to the correct regime whether or not the claimant requests it. Ask for evidence if their earnings are:

- Weekly pay: £219 per week or above
- Fortnightly pay: £438 per fortnight or above
- Four-weekly pay: £876 per four weeks or above
- Monthly pay: £952 per month or above

They are required to provide payslips as evidence:

- For weekly or fortnightly pay cycles, payslips covering one assessment period (AP)
- For four-weekly pay cycles, payslips covering two assessment periods (APs)

Once the payslips have been reviewed and verified, and they show earnings equal to or more than the above figures, the claimant can be overridden to the Light Touch regime with the reason recorded. For further information see: Labour Market regimes and overrides: Guidance

## **Conditionality Earnings Threshold**

The Conditionality Earnings Threshold (CET) is a flexible threshold and is calculated using the number of hours a claimant is expected to undertake work-related activities and the National Minimum Wage or National Living Wage rate that applies to them.

For details see National Minimum Wage and National Living Wage rates

A claimant could be required to spend anything from 0 up to 35 hours undertaking work-related activities.

If a claimant has earnings above their individual CET, they will fall into the Working Enough regime.

In a household where one of the adults (joint claimants or couples where the claimant has an ineligible partner) earns above the household CET, both claimants will be placed in the Working Enough regime regardless of whether they are both working or not

The household CET is always based on the two claimants' individual CETs and added together to give the household CET.

If a claimant is a member of a couple, and the other adult is ineligible for Universal Credit when calculating the household CET, the expected hours for the other ineligible adult is 35.

Example: Calculating the CET

1. A claimant with no restrictions aged 25 and expected to work 35 hours

$10.42 \text{ (NLW at April 2023)} \times 35 = 364.7 \text{ (weekly)}$

Their individual CET is £1580.36 pcm

To calculate the monthly figure, multiply the weekly figure by 52 and divide by 12. The calculation is rounded down to the nearest £1.00 in favour of the claimant when allocating to the regime.

2. A claimant aged 28 who is in intensive work search regime but is the responsible carer for a 10-year-old child (expected hours up to 30, capped at 25 during school hours)

$10.42 \times 30 \text{ hours} = 312.60 \text{ (weekly)}$

Their individual CET is £1354.6 pcm