



Advice NI Briefing Paper Universal Credit: An Austerity Benefit

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Universal Credit: An Austerity Benefit

Top 10 examples

1. Earnings taper:

Tax credit taper rate = 41% (the amount of tax credits a claimant receives is reduced by 41 pence for each £1 they earn above a certain threshold). The Universal Credit taper rate = 55%.

2. Universal Credit benefit uprating

Increases only come into force from the start of the first assessment period beginning on or after when uprating takes effect (meaning some have to wait until June for updated payment).

3. Free School Meals earnings rule (Northern Ireland)

Child Tax Credit or Working Tax Credit with an annual taxable income of £16,190 or less; Universal credit and have net household earnings not exceeding £14,000 per year.

(Note, in England, the Universal Credit net earnings threshold for Free School Meals is £7,400 a year)

4. Official Error overpayments

Official Error overpayments can be caused by an error or omission by an officer of the Department. Such overpayments are not recoverable under legacy social security legislation.

For Universal Credit and New Style JSA and ESA claims, any overprovision, including Official Error overpayments, can be recovered under Social Security Welfare Reform Legislation.

5. Universal Credit Self Employed Minimum Income Floor

The minimum income floor is the amount of money an employed person in a similar situation to you would earn on the National Living Wage or National Minimum Wage, after tax and National Insurance. For many this is set at 35 hours per week. If you earn less than the minimum income floor, the Department will calculate your Universal Credit payment using the minimum income floor.

6. Children

Child tax credit - qualifying young person, aged under 20;

Universal Credit - qualifying young person, up until 1 September following their 19th birthday.

7. Mixed age couples

On 15 May 2019, the law changed so that a 'mixed age couple' (a couple where one partner is a pensioner and the other is under pension age) are considered to be a 'working age' couple when checking entitlement to means-tested benefits. This means they cannot claim the more generous Pension Credit and can only consider claiming Universal Credit.

8. Conditionality and Sanctions

Tax credits: There is no conditionality or threat of sanctions in tax credits.

Universal Credit: There are a range of complex rules about conditionality in UC. If you are doing some work, you may be expected to look for more work. From 31 January 2024, the expected hours of work-related activity for lead carers with the youngest child aged 3 -12 increased to up to 30 hours per week, depending on the claimant's circumstances.

9. Social housing tenants with 53 rent weeks in a year

Universal Credit claimants in the Social Rented Sector are typically charged rent weekly every Monday and so in a typical year their 12 monthly UC payments will align with the 52 charging periods. Every six years, or five if including a leap year, they will have 53 charging periods. In 2024 there will be 53 of these periods with the 53rd rent payment occurring on the final day of the calendar year.

10. Health Service Charges (Northern Ireland)

Entitlement to assistance with health costs in Northern Ireland is generally based on low income or receipt of social security benefits, as set out in legislation. At present, legislation is not yet updated to include Universal Credit.

This means that in the absence of legislation being updated, the less generous Low Income Scheme is used to provide support; plus, the system is not automated meaning that complex, bureaucratic additional forms must be completed leading to frustration and delay.



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