

# **ADM Chapter E5: Benefit cap**

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# Introduction E5001 - E5002

## Introduction

E5001 This Chapter gives guidance on the BC. The BC is applied to welfare benefits to which a

**1.** single person **or**

**2.** couple

is entitled<sup>1</sup>.

1 WR Act 12, s 96(1)

E5002 The BC applies

**1.** where a

**1.1** single person has **or**

**1.2** couple have

total entitlement to welfare benefits which exceeds the relevant amount during the reference period **and**

**2.** to reduce the entitlement to welfare benefits where **1.** applies by an amount

**2.1** up to **or**

**2.2** equalling

the excess during any period which is of the same length as the reference period<sup>1</sup>.

**Note:** In childcare cases the excess is minus the childcare costs element<sup>2</sup> (see [E5031](#)).

1 WR Act 12, s 96(2); 2 UC Regs, reg 81(1)(b)

# Definitions E5003 - E5015

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E5003 E5004 – E5013 give guidance on terms used for BC purposes.

## Couple

E5004 Couple means

1. joint claimants<sup>1</sup> or
2. a single claimant who is a member of a couple<sup>2</sup> and also the other member of that couple<sup>3</sup>.

References to a couple includes each member of that couple individually<sup>4</sup>.

**Note:** See Chapter E2 for guidance on when a single claimant is a member of a couple.

1 UC Regs, reg 78(2)(a); 2 WR Act 12, s 39; 3 UC Regs, reg 78(2)(b); 4 reg 78(2)

## Reference period

E5005 The reference period is the assessment period for an award of UC<sup>1</sup>.

**Note:** See Chapter E2 for guidance on the meaning of assessment period.

## Relevant amount

E5006 The relevant amount is determined by dividing the applicable annual limit by 12<sup>1</sup>.

**Note:** Where the calculation results in a fraction of a penny, it is disregarded if it is less than half a penny and otherwise is treated as a penny<sup>2</sup>.

1 UC Regs, reg 80A(1); 2 reg 6

## Applicable annual limit

E5007 The applicable annual limit is

**1.** £15,410 for a single claimant resident in Greater London who is not responsible for a child or qualifying young person<sup>1</sup>**or**

**2.** £23,000 for

**2.1** joint claimants where either of them is resident in Greater London<sup>2</sup>**or**

**2.2** a single claimant resident in Greater London who is responsible for a child or qualifying young person<sup>3</sup>**or**

**3.** £13,400 for a single claimant not resident in Greater London who is not responsible for a child or qualifying young person<sup>4</sup>**or**

**4.** £20,000 for

**4.1** joint claimants not resident in Greater London<sup>5</sup>**or**

**4.2** a single claimant not resident in Greater London who is responsible for a child or qualifying young person<sup>6</sup>.

**Note 1:** The monthly equivalents are £1,284.17 and £1,916.67 for people living in Greater London and £1,116.67 and £1,666.67 for people living in the rest of GB.

**Note 2:** Before 7.11.16 or the first day of the next UC assessment period beginning after that date, where appropriate, the amounts were £2167 for joint claimants or a single claimant who is responsible for a child or qualifying young person and £1517 for a single claimant who is not responsible for a child or qualifying young person.

**Note 3:** See Chapter F1 for the meaning of child and qualifying young person.

**Note 4:** Where a member of a couple makes a claim for UC as a single person<sup>7</sup> who is not responsible for a child or qualifying young person, the relevant amount is that at **1.** or **3.**

1 WR Act 12, s 96(5A)(a); UC Regs, reg 80A(2)(a); 2 WR Act 12, s 96(5A)(a); UC Regs reg 80A(2)(b)(i);  
3 WR Act 12, s 96(5A)(a); UC Regs, reg 80A(2)(b)(ii); 4 WR Act 12, s 96(5A)(b); UC Regs, reg 80A(2)(c);  
5 WR Act 12, s 96(5A)(b); UC Regs, reg 80A(2)(d)(i); 6 WR Act 12, s 96(5A)(b); UC Regs, reg 80A(2)(d)(ii);  
7 reg 3(3)

## Resident in Greater London

E5008 A claimant is resident in Greater London if

**1.** where the HCE is included in the claimant's UC award

**1.1** accommodation in respect of which the claimant meets the occupation condition is in Greater London<sup>1</sup>**or**

**1.2** the claimant is in receipt of HB in respect of a dwelling in Greater London<sup>2</sup>**or**

**2.** where the HCE is not included in the claimant's UC award

**2.1** accommodation that the claimant normally occupies as their home is in Greater London<sup>3</sup>**or**

**2.2** where there is no accommodation that the claimant normally occupies as their home, the Jobcentre Plus office to which the Secretary of State has allocated their UC claim is in Greater London<sup>4</sup>.

**Note:** See E5009 for the meaning of Greater London, E5010 for the meaning of dwelling and E5011 for guidance on accommodation that the claimant normally occupies as their home.

1 UC Regs, reg 80A(3)(a)(i); 2 reg 80A(3)(a)(ii); 3 reg 80A(3)(b)(i); 4 reg 80A(3)(c)

## Meaning of Greater London

E5009 Greater London is the 32 London boroughs and the City of London.

## Meaning of dwelling

E5010 For the purpose of E5008 **1.2**, dwelling means a place where a person lives. The place can be

**1.** all or part of a building **and**

2. separate and self-contained or not separate and not self-contained<sup>1</sup>.

1 SS CB Act 92, s 137(1)

## **Accommodation that the claimant normally occupies as their home**

E5011 For the purposes of E5008 **2.1** only, a claimant is to be treated as occupying as their home any accommodation they normally occupy as their home. This will be a matter of fact in each case. It is not a requirement that the claimant is paying rent in respect of the accommodation. A claimant may normally occupy as their home more than one accommodation. If any accommodation a claimant normally occupies as their home is in Greater London, the claimant will be resident in Greater London and the amount of the BC will be as in E5007 **5.1** or **5.2** above. Cases of doubt should be sent to DMA Leeds for advice.

## **Single person**

E5012 A single person is a person who is not a member of a couple<sup>1</sup>.

**Note:** See E5006 for guidance on the relevant amount where a member of a couple makes a claim for UC as a single person<sup>2</sup>.

1 WR Act 12, s 96(10); 2 UC Regs, reg 3(3)

## **Welfare benefits**

E5013 Welfare benefits<sup>1</sup> are

1. BA<sup>2</sup>

2. CHB<sup>3</sup>

3. CTC<sup>4</sup>

4. ESA<sup>5</sup> (including ESA(IR)<sup>6</sup>)

5. HB<sup>7</sup>

6. IB<sup>8</sup>

7. IS<sup>9</sup>

8. JSA<sup>10</sup> (including JSA(IB)<sup>11</sup>)

**9. MA**<sup>12</sup>

**10. SDA**<sup>13</sup>

**11. UC**

**12. WP**<sup>14</sup>

**13. WMA**<sup>15</sup>

**14. WPA**<sup>16</sup>.

**Note:** CA and GA are no longer welfare benefits.

1 WR Act 12, s 96(10); 2 SS CB Act 92, s 39B; 3 s 141; 4 TC Act 02, s 1(1)(a);  
5 WR Act 07, s 1; 6 s 1(7); 7 SS CB Act 92, s 130; 8 s 30A; 9 s 124; 10 JS Act 95, s 1;  
11 s 1(4); 12 SS CB Act 92, s 35 & 35B; 13 s 68; 14 s 38; 15 s 37; 16 s 39A

E5014 – E5015

# When the benefit cap applies E5016 - E5030

[General](#) E5016

[How to determine total entitlement to welfare benefits](#) E5017 - E5030

## General

E5016 Unless E5041 et seq applies, the DM should apply the BC where the welfare benefits to which a

1. single person **or**
2. couple

is entitled during the reference period exceed the relevant amount<sup>1</sup>.

1 UC Regs, reg 79(1)

## How to determine total entitlement to welfare benefits

### Welfare benefit not awarded for a month

E5017 Where a welfare benefit is awarded in respect of a period that is not a month, the monthly amount is calculated in the same way as for unearned income<sup>1</sup>. Where this calculation results in a fraction of a penny that fraction is

1. disregarded if it is less than 1/2p **or**
2. treated as a penny if it is 1/2p or more<sup>2</sup>.

**Note:** See Chapter H5 for guidance on the calculation of the monthly amount of unearned income.

1 UC Regs, reg 80(5); reg 73; 2 reg 6(1)

### Example 1

Alison is entitled to WPA of £139.28 a week. The monthly amount is £603.55 (i.e. £139.28 x 52/12).

### Example 2



Howard and Bernadette have 10 children. Bernadette receives CHB of £563.60 every four weeks, her entitlement being £140.90 a week. Their eldest child Chloe leaves school in June 2014. However, CHB for Chloe remains in payment until the terminal date. For the period spanning the terminal date, Bernadette receives CHB of £536.80, her entitlement being two weeks of £140.90 and two weeks of £127.50. Thereafter, Bernadette receives CHB of £510.00 every four weeks, her entitlement being £127.50 a week. Howard and Bernadette's assessment period ends on 15th of every month. For the assessment period ending 15.8.14, the monthly amount is £610.57 (i.e. £140.90 x 52/12) and for the assessment period ending 15.9.14 and subsequent periods until any further change it is £552.50 (i.e. £127.50 x 52/12) (see Chapter A4 for guidance on supersession where a relevant benefit, including CHB, ceases or is reduced mid assessment period).

## Amount of welfare benefits

E5018 Unless E5019 – E5022 apply, the amount of a welfare benefit used to determine total entitlement to welfare benefits is the amount to which a

**1. single person or**

**2. couple**

is entitled during the reference period<sup>1</sup>. Where the welfare benefit is taken into account as unearned income for the purposes of an award of UC, the amount used is the amount taken into account<sup>2</sup>.

1 UC Regs, reg 80(1); 2 reg 80(4) & reg 66

E5019 Where

**1. there is entitlement to a welfare benefit but**

**2. that welfare benefit is**

**2.1 not paid or**

**2.2 reduced**

because of receipt of an overlapping benefit<sup>1</sup> the amount of that welfare benefit used to determine total entitlement is the amount in payment<sup>2</sup>.

1 SS (OB) Regs; 2 UC Regs, reg 80(1)

## Example

Cecilia is entitled to SDA of £75.40 a week and WP of £34.11 a week. As SDA and WP are overlapping benefits, Cecilia receives WP in full (£34.11 a week) and SDA of £41.29 a week (i.e. £75.40 - £34.11). The DM decides that the monthly amount of SDA used to determine Cecilia's total entitlement to SDA as a

welfare benefit is £178.92 (i.e. £41.29 x 52/12). The monthly amount of WP is £147.81 (i.e. £34.11 x 52/12).

E5020 Application of the BC will reduce the level of entitlement to UC. Therefore, when calculating total entitlement to all prescribed welfare benefits for the purposes of the BC, DMs should use the level of entitlement before application of the BC. Where the welfare benefit is UC, the amount<sup>1</sup> used is that before any reduction<sup>2</sup>

**1.** in accordance with E5031 et seq **or**

**2.** for a sanction<sup>3</sup>.

**Note:** See E5013 for guidance on welfare benefits and Chapters K1 – K9 for guidance on sanctions.

1 UC Regs, reg 80(2); 2 reg 81; 3 reg 80(2); WR Act 12, s 26 & 27

### **Example**

Richard and Jacqueline claim UC. They do not live in Greater London and have no children. Their UC entitlement is £2310.68. However, Jacqueline has a higher-level sanction due to ceasing paid work by reason of misconduct. A reduction of £217.00 is imposed. As the amount of £2310.68 is higher than the relevant amount of £1666.67, the DM decides that the BC applies. The DM also decides that the reduction of £217.00 for Jacqueline's sanction is deducted from the relevant amount of £1666.67 so that Richard and Jacqueline receive UC of £1449.67.

### **Disregard**

E5021 ESA is disregarded as a welfare benefit<sup>1</sup> when a person is disqualified<sup>2</sup> from receiving it because they

**1.** have LCW due to their own misconduct **or**

**2.** fail without good cause to follow medical advice **or**

**3.** fail without good cause to observe the rules of behaviour.

1 UC Regs, reg 80(3); 2 WR Act 07, s 18

### **Housing benefit**

E5022 Although HB<sup>1</sup> is listed as a welfare benefit in legislation it is not to be included when calculating the amount of welfare benefits for UC purposes. The amount to be used is therefore nil<sup>2</sup>.

1 SS CB Act 92, s 130; 2 UC Regs, reg 80(2A)

E5023 – E5030



## Reduction of universal credit E5031 - E5040

E5031 Where the BC applies to an assessment period for an award of UC, the amount of the award is reduced

**1.** by the excess<sup>1</sup> or

**2.** unless E5033 applies, by the excess minus any amount included in the award for the childcare costs element in relation to that assessment period<sup>2</sup>.

**Note:** See Chapter F7 for guidance on childcare costs element.

1 UC Regs, reg 81(1)(a); 2 reg 81(1)(b)

E5032 For the purposes of E5031, the excess is the total amount of welfare benefits that the

**1.** single person is or

**2.** couple are

entitled to in the reference period, minus the relevant amount<sup>1</sup> (see E5006).

1 UC Regs, reg 81(3)

### Example 1

Raj claims UC. He is single, lives in Greater London and is not responsible for a child or qualifying young person. Raj's UC amount is £1632.56. This exceeds the relevant amount of £1284.17. The DM reduces Raj's UC amount by £348.39, the amount of the excess.

### Example 2

Kevin and Tanya claim UC. They do not live in Greater London and have four children but do not have childcare costs. Tanya is pregnant and receives MA of £136.78 a week. Their UC amount is £1421.12 (i.e. £1557.90 standard allowance plus elements, less £592.71 MA). Tanya also receives CHB of £242.00 every four weeks, her entitlement being £60.50 a week. Kevin and Tanya's total welfare benefits are £2276.00 (i.e. UC of £1421.12, CHB of £262.17 (£60.50 x 52/12) and MA of £592.71 (£136.78 x 52/12)). This exceeds the relevant amount of £1666.67. The DM reduces Kevin and Tanya's UC by £609.33, the amount of the excess.

### Example 3

Ivan and Bridget claim UC. They do not live in Greater London, have four children and have joint monthly

earnings of £390.00 with childcare costs of £350.00 a month. Their UC amount is £2710.86 (i.e. standard allowance plus elements and 85% child care costs, less earnings). Bridget also receives CHB of £242.00 every four weeks, her entitlement being £60.50 a week. Ivan and Bridget's total welfare benefits are £2973.03 (i.e. UC of £2710.86 and CHB of £262.17 (£60.50 x 52/12)). This exceeds the relevant amount of £1666.67. The DM reduces Ivan and Bridget's UC by £1008.86 (i.e. the amount of the excess (£1306.36) minus the childcare costs element, which is 85% of their costs (£297.50)).

E5033 E5031 **2.** does not apply where the childcare costs element is greater than the excess<sup>1</sup>.

**Note:** See Chapter F7 for guidance on childcare costs element which is also subject to a cap so the amount may not be 85% of the costs.

1 UC Regs, reg 81(2)

### Example

Leonard and Penny claim UC. They live in Greater London, have two children and have joint monthly earnings of £425.50 with childcare costs of £400.00 a month. Their UC amount is £2063.45 (i.e. standard allowance plus elements and 85% child care costs, less earnings). Penny also receives CHB of £134.80 every four weeks, her entitlement being £33.70 a week. Leonard and Penny's total welfare benefits are 2209.48 (i.e. UC of £2063.45 and CHB of £146.03 (£33.70 x 52/12)). This exceeds the relevant amount of £1916.67. However, the amount of childcare costs element, which is 85% of their costs (£340.00) exceeds the excess (£292.81). Therefore, the DM does not reduce Leonard and Penny's UC.

E5034 – E5040

# When the benefit cap does not apply E5041-E5999

[Pathfinder Group](#) E5041

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## Pathfinder Group

E5041 The BC did not apply to people in the Pathfinder Group before 28.10.13<sup>1</sup>.

**Note:** See Chapter M2 for guidance.

*1 UC (TP) Regs, reg 20*

## Receipt of certain benefits

E5042 The BC does not apply where

- 1.** the LCWRA element is included in the award of UC<sup>1</sup>**or**
- 2.** a claimant is receiving
  - 2.1** ESA which includes the support component<sup>2</sup>**or**
  - 2.2** industrial injuries benefit<sup>3</sup> (see E5043) **or**
  - 2.3** “AA”<sup>4</sup> (see E5044) **or**
  - 2.4** a war pension<sup>5</sup> (see E5045) **or**
  - 2.5** a payment under specified legislation<sup>6</sup>**or**
- 3.** a claimant, or a child or qualifying young person for whom a claimant is responsible, is receiving DLA<sup>7</sup>**or**
- 4.** a claimant, or a qualifying young person for whom a claimant is responsible, is receiving PIP<sup>8</sup>**or**
- 5.** a claimant, or a child or qualifying young person for whom a claimant is responsible, is entitled to a payment at **2.2 – 4.** but it is not being received because of<sup>9</sup>
  - 5.1** hospitalisation<sup>10</sup>**or**
  - 5.2** residence in
    - 5.2.a** a care home<sup>11</sup>**or**

**5.2.b** an institution<sup>12</sup> **or**

- 6.** a claimant, or a qualifying young person for whom a claimant is responsible, is entitled to CA<sup>13</sup> **or**
- 7.** the carer element is included in a UC award<sup>14</sup> **or**
- 8.** a claimant is entitled to GA<sup>15</sup>.

*1 UC Regs, reg 83(1)(a); 2 reg 83(1)(a); 3 reg 83(1)(b); 4 reg 83(1)(c); 5 reg 83(1)(d); 6 reg 83(1)(e); Armed Forces and Reserve Forces (Compensation Scheme) Order 2011 art 15(1)(c) or 29(1)(a); 7 UC Regs, reg 83(1)(f); 8 reg 83(1)(g); 9 reg 83(1)(h); 10 SS (AA) Regs, reg 6; Naval, Military and Air Forces etc (Disablement and Death) Pensions Order 2006, art 53; SS (DLA) Regs, reg 8; WR Act 12, s 86; 11 SS (AA) Regs, reg 7; SS (DLA) Regs, reg 9; WR Act 42, s 85; 12 Naval, Military and Air Forces etc (Disablement and Death) Pensions Order 2006, art 53; 13 UC Regs, reg 83(1)(i); 14 reg 83(1)(j); 15 reg 83(1)(k); SS CB Act 92, s 77*

### **Example**

Peter and Jenny claim UC. They do not live in Greater London, have three children but no childcare costs. Their UC amount is £2365.03 (i.e. £2505.08 standard allowance plus elements less £140.05 IIDB). Jenny also receives CHB of £188.40 every four weeks, her entitlement being £47.10 a week. In addition, Peter receives IIDB of £32.32 a week. Peter and Jenny's total welfare benefits exceed the relevant amount of £1666.67. However, as Peter is receiving IIDB the DM decides that the BC does not apply.

### **Industrial injuries benefits**

E5043 IIBs<sup>1</sup> are

- 1.** IIDB
- 2.** REA
- 3.** RA
- 4.** IDB

*1 UC Regs, reg 2(1); SS CB Act 92, Part 5*

“Attendance allowance”

E5044 For the purposes of E5042 **2.3** “AA” means<sup>1</sup>

- 1.** AA<sup>2</sup>
- 2.** CAA and ESDA which is paid with IIDB because disablement has been assessed at 100%<sup>3</sup>
- 3.** payments for attendance under the Civilian's Personal Injury Scheme<sup>4</sup> or any similar payment which are made to people who receive a disablement pension because of war injuries suffered as civilians or civil defence volunteers
- 4.** any payment for attendance which is a part of WDisP (including severe disablement occupational

allowance paid with CAA)

**5. AFIP<sup>5</sup>.**

*1 UC Regs, reg 2(1); 2 SS CB Act 92, s 64; 3 s 104 & s 105; 4 Personal Injuries (Civilians) Scheme 83, art 14 - 16, 43 or 44; 5 Armed Forces and Reserve Forces (Compensation Scheme) Order 2011*

**Meaning of war pension**

E5045 For the purposes of E5042 **2.4** a war pension is

- 1.** any pension or allowance payable under specified legislation<sup>1</sup> to a widow, widower or surviving civil partner **or**
- 2.** a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty except than under an enactment to make provision about pensions for or in respect of persons who have
  - 2.1** been disabled **or**
  - 2.2** died in consequences of service as members of the armed forces of the Crown<sup>2</sup> **or**
- 3.** a payment which is made to a widow, widower or surviving civil partner of a person whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown and whose service in such capacity ended before 31.3.73 under
  - 3.1** the Order in Council of 19.12.1881 **or**
  - 3.2** the Royal Warrant of 27.10.1884 **or**
  - 3.3** the Order by His Majesty of 14.1.22<sup>3</sup> **or**
- 4.** a pension
  - 4.1** paid by the government of a country outside the UK **and**
  - 4.2** which is analogous to any of the
    - 4.2.a** pensions **or**
    - 4.2.b** allowances **or**
    - 4.2.c** paymentsat **1. - 3.**<sup>4</sup>.

*1 UC Regs, reg 83(2)(a); Income Tax (Earnings and Pensions) Act 2003, s 639(2);  
2 UC Regs, reg 83(2)(b); 3 reg 83(2)(c); 4 reg 83(2)(d)*

E5046 - E5050

**Earnings**

E5051 The BC does not apply to an award of UC in relation to an assessment period where



**1.** the

**1.1** claimant's earned income **or**

**1.2** couple's combined earned income (if the claimant is a member of a couple)

is equal to or exceeds the amount that a person would be paid at the higher NMW rate<sup>1</sup> (the national living wage) for 16 hours a week, converted to a net monthly amount by multiplying by 52 and dividing by 12<sup>2</sup> **or**

**2.** the assessment period

**2.1** falls within a grace period (see E5052) **or**

**2.2** is an assessment period in which a grace period begins or ends<sup>3</sup>.

**Note 1:** Earned income does not include any income a person is assumed to have because of the minimum income floor<sup>4</sup> (see ADM Chapter H4).

**Note 2:** See ADM Chapter H3 for guidance on the calculation of earned income for employed earners and ADM Chapter H4 for guidance on the calculation of earned income for S/E earners.

**Note 3:** The calculation at **1.** can be met by a combination of employed and S/E earnings.

**Note 4:** For the purposes of the calculation at **1.**, any fraction should be rounded **down** to the nearest whole pound<sup>5</sup>.

*1 NMW Regs, reg 4; 2 UC Regs, reg 82(1)(a); 3 reg 82(1)(b); 4 reg 82(4) & reg 62; 5 reg 6(1A)(za)*

### **Example**

Gill claims UC. She is single, does not live in Greater London and is not responsible for a child or qualifying young person. She is a S/E hairdresser and has earnings of £596.66 in the assessment period. Gill's UC amount is £1591.23 (i.e. standard allowance plus elements, less earnings). Gill's total welfare benefits exceed the relevant amount of £1116.67. However, as Gill's earnings exceed the higher NMW rate for 16 hours a week in the assessment period ( $£8.21 \times 16 \text{ hours} \times 52 \text{ weeks} / 12 \text{ months} = £569.22$ , rounded down to £569), the DM decides that the BC does not apply.

### **Grace period**

E5052 A grace period is a period of 9 consecutive months which begins on the most recent of

**1.** a day falling within the current period of entitlement to UC which is the first day of an assessment period in which

**1.1** the claimant's earned income **or**

**1.2** the couple's combined earned income (if the claimant is a member of a couple)

less than the amount calculated in E5051<sup>1</sup>

**2.** a day falling before the current period of entitlement to UC which is the day after a day on which the claimant has ceased paid work<sup>2</sup>

in respect of which E5053 applies.

*1 UC Regs, reg 82(2)(a); reg 82(2)(b)*

E5053 E5052 applies where, in each of the 12 months immediately preceding the day in E5052 **1.** or **2.**

- 1.** the claimant's earned income **or**
  - 2.** the couple's combined earned income (if the claimant was a member of a couple)
- was equal to or exceeded the amount calculated in E5051<sup>1</sup>.

*1 UC Regs, reg 82(3)*

### **Example 1**

Cliff and Jean claim UC on 1.11.17 as Cliff finishes work on 31.10.17. On that day Cliff received earnings of £3592.27. He had received that amount in each of the preceding 12 months. They live in Greater London, have no children and no other income. Cliff and Jean's UC amount is £2461.43 (i.e. standard allowance plus elements). This exceeds the relevant amount of £1916.67. However, as Cliff's earnings exceeded the relevant amount in each of the preceding 12 months, the DM decides that Cliff and Jean are eligible for a grace period which will run from 1.11.17 to 31.7.18 and that the BC does not apply until 1.8.18.

### **Example 2**

Sheldon and Amy receive UC of £2463 (i.e. standard allowance plus elements, less earnings). Their AP ends on 12th of each month. They have two children but no childcare costs. In addition to UC, Amy receives CHB of £134.80 every four weeks, her entitlement being £33.70 a week. Sheldon also has earnings of £530.86, which he had received for more than 12 months. The BC did not apply. Sheldon's hours reduce and on 31.3.17 he receives £423.62. The DM decides that Sheldon and Amy are eligible for a grace period which will run from 13.3.17 to 12.12.17 and that the BC does not apply until 13.12.17.

### **Example 3**

Tony finishes work on 31.3.17. He lives in Greater London and claims UC on 1.4.17. His UC amount is £1710.39 (i.e. standard allowance plus elements). This exceeds the relevant amount of £1284.17. On the day he finished work Tony received earnings of £460.25. However, he only received that amount for 6 months. Before that 6 month period Tony's earnings were less than the relevant amount. The DM decides that Tony is not eligible for a grace period and applies the BC.

### **Example 4**

Matthew and Mary claim UC on 31.5.17 as Matthew finishes work on 30.5.17. On that day Matthew received earnings of £2645.39. He had received more than that amount in each of the preceding 12 months. They do not live in Greater London and have no children. However, Mary has earnings of £403.98. Matthew and Mary's UC amount is £2196.06 (i.e. standard allowance plus elements, less

earnings). This exceeds the relevant amount of £1666.67. However, although Mary's earnings are less than the relevant amount, the DM decides that Matthew and Mary are eligible for a grace period because of Matthew's previous earnings which exceeded the relevant amount. The grace period will run from 31.5.17 to 27.2.18 and the BC does not apply until 28.2.18.

E5054 – E5999

**The content of the examples in this document (including use of imagery) is for illustrative purposes only**