

Benefit Cap – Grace Period declaration (UC46) received

Summary

How to proceed when a claimant has returned a Grace Period declaration (UC46)

Content

A UC46 is issued to the claimant when the total amount of their benefit exceeds the total amount of Universal Credit they are entitled to under the Benefit Cap and an exemption does not apply. See Benefit Cap - checking if an exemption can be applied.

When a UC46 is received, an account developer (AD) receives a CAMLite task with the following details:

- Task Type: Scanned Correspondence
- Sub Type: UC46

A Grace Period is a period of 9 calendar months where the Benefit Cap is not applied to a claimant or their Universal Credit claim. The AD applies a Grace Period for claimants when:

- employment has ended and the claimant had net earnings equivalent to or more than the Benefit Cap Household Earnings Exemption figure per month continuously for each of the 12 months immediately before their job ended.
- their net earnings have fallen below the Benefit Cap Household Earnings Exemption figure and they had net earnings equivalent to or more than this figure per month continuously for each of the 12 months immediately before their job ended
- they have separated from a partner and they or their ex-partner(s) had net earnings equivalent to or more than the Benefit Cap Household Earnings Exemption figure continuously, for each of the 12 months immediately before their job ended

To calculate the Benefit Cap Household Earnings Exemption figure, see Benefit Cap – Household Earnings Exemption.

The AD accesses the Document Repository System (DRS) and retrieves the UC46 and the UC6 that shows the payment calculation before and after the Benefit Cap was applied.

The AD reviews the UC46 and identifies whether a Grace Period can be applied to the Benefit Cap

Identifying whether a Grace Period can be applied to the Benefit Cap

The AD checks if employment has ended or net earnings have fallen below the Benefit Cap Household Earnings Exemption figure per month.

When the UC46 states that employment has ended for the claimant, their partner or any relevant ex partners, the AD checks if the employment ended more than 9 months before either:

- the Universal Credit claim date
- the date of the change that prompted the issue of the UC46

If employment ended 9 months ago or more, a Grace Period does not apply. See 'Grace Period does not apply' below.

If employment ended less than 9 months ago or net earnings have fallen below the Benefit Cap Household Earnings Exemption figure per month, the AD identifies if the net earnings were more than this figure per month, continuously for each of the 12 months immediately before the change. To calculate the Benefit Cap Household Earnings Exemption figure, see Benefit Cap – Household Earnings Exemption.

The Benefit Cap Household Earnings Exemption amount could have been earned either:

- by the claimant on their own
- as a combination of the claimant and their partner's income
- as a combination of the claimant and their ex-partner's income
- as a combination of the claimant's partner and their ex partner's income

The AD checks the UC46 to identify the type of earnings. Earnings that qualify the Universal Credit claim for a Grace Period can be from:

- employment
- self-employment
- Statutory Maternity Pay
- Statutory Paternity Pay
- Statutory Sick Pay
- Statutory Adoption Pay

The earnings from an ineligible adult in the Universal Credit claim are included when assessing the Grace Period even if they are not entitled to Universal Credit in their own right.

If net earnings were not equivalent to or more than the Benefit Cap Household Earnings Exemption figure per month for each of the 12 months immediately before the change, a Grace Period does not apply. See 'Grace Period does not apply' below.

Applying the Grace Period

The AD calculates the Grace Period start date for the claimant, their partner (if they have one) and for any ex-partner(s) of the claimant and/or their partner.

The start date for the Grace Period is either:

- the day after the employment ended, if employment ended before the Universal Credit claim was made
- the first day of the assessment period in which net earnings fell below the Benefit Cap Household Earnings Exemption figure per month or earnings ended
- the date of separation if the claim is as a result of a partnership breakdown

The AD uses the start date that is most beneficial to the current Universal Credit claim.

The AD calculates the Grace Period end date and notes the Grace Period start and end dates on a UC6.

The Grace Period end date is 9 calendar months from either:

- the day after employment ended
- the first day of the assessment period in which earnings fell below the Benefit Cap Household Earnings Exemption figure

If the end date falls part way through an assessment period, the Grace Period is extended to the end of the assessment period in which it falls.

The Grace Period remains the same even if there are any breaks in the Universal Credit claim. Once the Grace Period has been applied, it remains fixed for the Universal Credit claim,

The AD completes a UC362, issues a copy to both the claimant and partner and uploads the UC6 and UC362 to DRS.

The claimant must be notified that the Grace Period is ending. The AD:

1. Creates a CAMLite task with the following details:

- Task Type: Generic Clerical
- Sub Type: Action Required
- Start Task from: 5 weeks before the Grace Period ends
- SLA: 3 days
- Notes: 'Claimant has Benefit Cap Grace Period from (date) to (date), issue UC363'
- Assigned to: UC – Benefit Cap

See CAMLite and Work Service Platform notes.

2. Creates a Work Services Platform (WSP) task for the work coach (WC). The task notes state: 'Claimant has Benefit Cap Grace Period from (date) to (date)'.
3. Updates CAMLite Contact history to say that a Grace Period applies to the Benefit Cap, the dates of the Grace Period and that a notification has been issued to the claimant and to Work Services.
4. Exits all claimant records.

Grace Period does not apply

The AD sets the Benefit Cap marker in WSP: To do this the AD:

1. Accesses WSP.
2. Accesses the 'Personal' screen.
3. Selects the 'Subject to Benefit Cap' check box.

If the claimant has a partner, the AD accesses the partner's record and selects the 'Subject to Benefit Cap' check box as above.

The AD:

1. Applies the Benefit Cap. See Benefit Cap - applying the Benefit Cap to a Universal Credit claim
2. Identifies details of the overpayment of Universal Credit. See Identifying and taking action on an over or underpayment.
3. Creates a CAMLite task with the following details:
 - Task Type: Payment
 - Sub Type: Consider Benefit Cap
 - Start Task from: 1 day after the assessment period ends
 - SLA: 6 hours
 - Notes: 'Claimant has Benefit Cap. Review current AP to see if cap still applies'
 - Assigned to: UC – Benefit Cap

See CAMLite and Work Services Platform notes.

4. Uploads the UC6 to DRS.
5. Updates CAMLite Contact history with: 'Claimant subject to Benefit Cap'.
6. Exits all claimant records.