**ADM Memo 16/18**

 **UNIVERSAL CREDIT: TREATMENT OF ARREARS OF BENEFIT**

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 **INTRODUCTION**

1. This memo gives guidance on the Universal Credit and Jobseeker’s Allowance (Miscellaneous Amendments) Regulations (Northern Ireland) 20181, which come into force on 28.11.18.

*1 SR 2018 No.187*

2 Separate regulations [The Social Security (Treatment of Arrears of Benefit) Regulations (Northern Ireland) 2018]1 provide for payments of arrears of Social Security benefits or compensation of £5,000 or more to be disregarded as capital for the purposes of

 **1.** Income Support

 **2.** income-based Jobseeker’s Allowance

 **3.** State Pension Credit

 **4.** Housing Benefit

 **5.** income-related Employment and Support Allowance

 where the payments are made as a result of official error or error of law. See DMG Memo Vol 5/111, 9/43 & 14/67 for further details.

*1 SR 2018 No.150*

3 This memo gives guidance on the treatment of arrears of benefits for Universal Credit claimants.

 **BACKGROUND**

4 ADM H2091 explains that

 **1.** arrears of benefits, including existing benefits and other Social Security benefits which are not treated as unearned income **or**

 **2.** compensation for late payment of benefits

 which a Universal Credit claimant receives during the previous 12 months are disregarded as capital1.

*1 UC Regs (NI), Sch 10, para 18*

5 Where

 **1.** the period of entitlement to benefit to which the payment of arrears or compensation relates begins before the first day on which the abolition of existing benefits comes into force1 (that is, when a claim for or an award of Universal Credit is made - see ADM M1 and M2 for details) **and**

 **2.** the conditions in paragraphs 7 or 8 are satisfied2

 the guidance at H2091 should **not** be followed3.

*1 UC (TP) Regs (NI), reg 8A(1)(d); 2 reg 8A(1); 3 reg 8A(2)*

6 Instead, the payment of arrears or compensation is disregarded as capital

 **1.** for the period of 12 months from the date of receipt **or**

 **2.** until the end of the Universal Credit award

 whichever is later1.

*1 UC (TP) Regs (NI), reg 8A(2)*

 **Payment made to Universal Credit claimant**

7 Paragraph 6 applies where1 a payment of arrears or compensation as in paragraph 2

 **1.** is received during the current Universal Credit award **and**

 **2.** would be disregarded as capital if the claimant had been entitled to an existing benefit2.

 **Note :** See M2003 for the meaning of existing benefit.

*1 UC (TP) Regs (NI), reg 8A(1)(a)(i) & (b); reg 2(1)*

 **Example**

 Glyn is entitled to Universal Credit. His award began on 17.5.18 when he moved to a different area and was unable to claim Housing Benefit. On 23.10.18 he receives a payment of £6,802.03 arrears of income-related Employment and Support Allowance after the decision converting an award of Incapacity Benefit to Employment and Support Allowance is revised for official error. Glyn’s award of Universal Credit ends on 3.2.20 when he claims State Pension Credit. The payment is disregarded as capital for the whole of Glyn’s award of Universal Credit.

 **Payment made before Universal Credit awarded**

8 Paragraph 6 applies where1

 **1.** a payment of arrears or compensation as in paragraph 2 was received while the claimant was entitled to an existing benefit **and**

 **2.** the payment in **1.** was disregarded as capital for the purposes of the existing benefit **and**

 **3.** the claimant was awarded Universal Credit within one month of the termination of the award of the existing benefit.

*1 UC (TP) Regs (NI), reg 8A(1)(a)(ii) & (c)*

 **Example**

 Chantelle is entitled to Income Support as a lone parent, as well as Personal Independence Payment standard daily living component. In April 2019 she receives a payment of £7,099.65 arrears of Personal Independence Payment after her Personal Independence Payment award is superseded for error of law to include the mobility component from 28.11.16. The payment is disregarded as capital for the purposes of Income Support. On 10.7.19 Chantelle’s award of Income Support ends when her youngest child reaches the age of 5. Chantelle claims and is awarded Universal Credit from 11.7.19. The remaining amount of arrears of Personal Independence Payment continues to be disregarded as capital for the purposes of Universal Credit.

 **ANNOTATIONS**

 Please annotate the number of this Memo (ADM Memo 16/18) against the following ADM paragraphs

 H2091; Chapters M1 and M2 main heading

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 **November 2018**