

Universal Credit: Sanctions and Hardship Payments

Information Guide 4: For Residents and Advisers

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www.wolverhampton.gov.uk

1. Introduction

Under the rules for Universal Credit there are **four Work-related Requirements** which must normally be met as part of meeting the 'basic conditions' of any Universal Credit claim.

- 1. Work-focused Interviews:** a requirement to attend meetings with a Work Coach at the Job Centre and examine barriers to work and ways of improving prospects of work
- 2. Work Preparation:** a requirement to attend designated training or work experience designed to improve prospects of work
- 3. Work Search:** a requirement to actively look for paid work, more paid work, or better paid work
- 4. Work Availability:** be available for job interviews and be available to start work without delay.

The purpose of the Work-related Requirements is to ensure that individuals are making every effort to get a job, increase the hours they work (if they are working less than 35 hours per week) and/or obtain better paid work, thereby reducing or removing their dependency on Universal Credit.

What is expected under the Work-related Requirements in any particular case is dependent upon individual circumstances. For example, special allowances and concessions are made for those who may be considered to be too sick to work (i.e. they have been assessed under the Work Capability Assessment as having 'limited capability for work') and those with certain caring responsibilities. Special allowances are also made for those who are already working and those who undertake voluntary work. See our Information Guide 3 - Universal Credit: Claimant Commitment, for further details.



From the outset of a claim for Universal Credit each claimant will be expected to meet with a Work Coach at the Job Centre and agree an individually tailored Claimant Commitment which should outline their personal circumstances and confirm their Work-related Requirement obligations.

Please note that this Information Guide should be read in conjunction with our Information Guide 3. The Claimant Commitment.

The Claimant Commitment should also include details of the agreed steps the person will take to ensure they meet their Work-related Requirements - what they will be doing to improve their job prospects and find paid work.

If a person refuses to accept a Claimant Commitment, then they will not be entitled to Universal Credit. In some situations, the need for a Claimant Commitment may be waived e.g. in the case of someone who lacks capacity (including mental capacity) or in 'exceptional circumstances' which mean that it would be 'unreasonable' to expect the person to have one at that particular point in time. The Claimant Commitment may be reviewed, altered and updated periodically.

If the information contained in the Claimant Commitment shows that the person's actions (or lack of actions) mean that they will not be able to meet what would be expected of them under the Work-related Requirements rules then they risk being sanctioned, resulting in any Universal Credit entitlement being substantially reduced or refused altogether.

If, during an on-going award of Universal Credit, a person fails to continue to meet their Work-related Requirements then they risk being sanctioned and having any Universal Credit payments substantially reduced or stopped.

In the case of a couple (which requires a Universal Credit 'joint claim'), both members of the couple will normally need to agree to an individually tailored Claimant Commitment outlining their respective responsibilities and individual Work-related Requirements.



This Information Guide seeks only to provide an overview of the Work-related Requirements and highlight the penalties that can be incurred for failing to meet those requirements.

Do see our Information Guide 3: Universal Credit Claimant Commitment for more information on the Work-related Requirements and what can be expected of individuals depending upon their personal circumstance.

Please also note that special rules apply in the case of 16 and 17-year-olds and sanctions. See 6. Young People on page 5.

2. Sanctions and Offences

A sanction can be imposed if someone fails to meet the conditions of their Work-related Requirements. There are four types of sanctions:

- A. lowest-level sanction**
- B. low-level sanction**
- C. medium-level sanction**
- D. high-level sanction**

The amount of the actual sanction and the duration of the sanction period depends on which Work-related Requirement a person is deemed to have fallen foul of. The following provides a guide to the different offences and the types of sanctions they attract.



A. Lowest-Level Sanction

A 'lowest-level sanction' can be imposed where a person fails, without 'good reason', to take part in a Work-focused Interview (including a telephone Work-focused Interview) and the only Work-related Requirements that apply in their case is that they take-part in (1) Work-focused Interviews.

This sanction is open ended and will remain until the person takes part in a Work-focused Interview or until they have a change of circumstance which means that none of the Work-related Requirements should apply to them.

Section 27 and 23 Welfare Reform Act 2012
Regulation 105(1) Universal Credit Regulations 2013

B. Low-Level Sanction

A 'low-level sanction' can be imposed where a person is expected to meet all four Work-related Requirements and they fail, without 'good reason', to:

- take part in a (1) Work-focused Interview requirement
- meet a (2) Work Preparation requirement by, for example, not going on a training scheme or Community Work Placement or Employment Programme scheme
- meet 'any particular action' stated by the DWP under a (3) Work Search requirement by, for example, failing to look for work or apply for a particular vacancy.

This sanction may be imposed where a person fails, without 'good reason', to take part in an interview with their Work Coach to discuss their Work-related Requirements or fails to provide evidence of their work-search or fails to report a change in their circumstances which is relevant to their Work-related Requirements. It can also be imposed on a person if they are subjected to the Work-related Requirements of (1) Work-focused Interviews and (2) Work Preparation only.



The sanction period will last until the person meets the requirement in question plus a further 7 days (or 14 / 28 days if the person has previously been sanctioned) fixed period thereafter.

The sanction period will also end should the person have a change of circumstance which means that none of the Work-related Requirements should apply to them.

Section 27 and 23 Welfare Reform Act 2012
Regulation 104(1) to (3) Universal Credit Regulations 2013

C. Medium-Level Sanction

A 'medium-level sanction' can be imposed if a person fails, without 'good reason', to meet:

- a Work Search requirement by failing to undertake a 'reasonable' action specified by the DWP aimed at helping them to get a job
- a Work Availability requirement by not being available for work.

In this case the sanction period will normally be for a fixed 28-day period. However, if this is a second medium-level sanction failure within 12 months then the sanction period will be for a 13-week fixed period.

Section 27 Welfare Reform Act 2012
Regulation 103(1) and (2) Universal Credit Regulations 2013

D. Higher-Level Sanction

A 'higher-level sanction' can be imposed to anyone who fails, without 'good reason', to:

- undertake a work placement under (2) Work Preparation requirement
- to apply for a particular job vacancy under (3) Work Search requirement
- to take up an offer of paid employment under (4) work availability requirement.

This sanction may also be imposed where a person without 'good reason' voluntarily leaves their job (or loses pay) or they lose their job (or pay) through misconduct.

Section 26(2) and (4) Welfare Reform Act 2012
Regulation 102(1) and (5) Universal Credit Regulations 2013

Voluntarily Unemployed: To avoid a higher-level sanction in this circumstance, a person will need to show that they had 'good reason' for giving up the job they did and that they had no alternative but to do so - they tried to resolve any work-related problems before leaving.

A person should not be held to be voluntarily unemployed if they have taken voluntary redundancy.

Misconduct: The higher-level sanction can be imposed if a person loses their job e.g. due to dishonesty, poor timekeeping, serious carelessness or negligence unless there is medical evidence which shows that, due to ill-health, a person could not be responsible for their actions.



If the DWP believe that a person has lost their job due to misconduct, then they will normally contact the employer to find out the circumstances in which the employment was brought to an end.

In such a situation, the person involved should be given the opportunity to respond to any information obtained or allegations.

A higher-level sanction may be imposed if a person behaves in such a way so as to lose any prospects of getting a job by either arriving late for interview (by their own negligence) or displaying such poor conduct in an interview they lose any reasonable chance of getting the job.

A higher-level sanction will also be imposed if the person makes such unreasonable demands on the prospective employer that they withdraw any potential offer of employment.

A higher-level sanction will normally be imposed for a fixed period of 13 weeks. However, if this is a second higher-level sanction failure within 12 months then the sanction period will be for a 26-week fixed period. If it is the third such sanctionable failure within the 12 month period, then another 26-week fixed period sanction will be imposed.

Advice for Decision Makers Chapter K3 (paragraph K3057)
Regulation 102(2)(a) Universal Credit Regulations 2013

Note: The DWP changed the rules meaning that since 27.11.2019 there is no longer any scope to impose a three-year sanction period. Any three-year sanction already in place at the time of the rule change should have been terminated at 26 weeks. This change took place following a government announcement that acknowledged that whilst conditionality and sanctions were an important part of the benefit system, ensuring claimants engage with the support on offer to look for work but that any sanction for failing to do this should be proportionate to ensure the best outcomes.

Amber Rudd (Then Secretary of State for Work and Pensions) in House of Lords 9.5.2019 HLWS1510HLWS1510HCWS1545

3. Good Reason

As may be seen in most situations, a sanction can be applied where a person has acted or failed to act without 'good reason'.

What amounts to 'good reason' will depend on the circumstances of any particular case.

When assessing 'good reason', important considerations will include:

- The person's age, health and experience
- Did any religious/conscientious objections play a part in the way they acted?
- Did a domestic emergency or caring responsibility occur which caused them to act or fail to act as they did?
- Were the person's actions caused by an act of bullying, harassment or intimidation?
- Might there have been a risk to the person's physical or mental health had they not acted or failed to act as they did?
- What information did the person receive or might they have obtained?
- Has the person previously acted or failed to act in the way that they did?

In final analysis, taking into account all the circumstances of the case (including the person's age, state of health and experience), the question is whether a reasonable person of his/her age and experience would have had cause to act (or fail to act) as they did.



4. The Amount of Sanction

If a sanction is applied, then the person's monthly Universal Credit payments will in effect be reduced for the duration of the sanction. The daily amount of the reduction will normally be:

Status (2022/23 rate):	Higher	Lower
Single person aged 25 or over	£11.00	£4.40
Single person aged under 25	£8.70	£3.50

The amounts broadly equate to the level of a person's daily basic amount ('standard allowance') of Universal Credit, excluding any extra amount awarded for children, rent, disability or due to a caring responsibility.

In the case of couples, the amount of reduction would be lower - £8.60 per day where either member of the couple is aged 25 or over or £6.80 per day where both members of the couple are aged under 25.

The amount of the reduction will be lower still (£4.40 per day for a single person aged 25 or over or £3.40 per day for a single person under the age of 25) where, for example, the person affected is a carer or pregnant and within 11 weeks of giving birth or they have recently given birth within the last 15 weeks.



5. Hardship Payments

If, as a result of a sanction, a person is in hardship because they are unable to meet their immediate and essential needs (e.g. they cannot buy food or basic toiletries or pay for their gas and/or electricity) then they may apply for a 'Hardship Payment' loan. They can / must apply for a separate 'Hardship Payment' loan for each 'assessment period' for which they have been sanctioned.

They can do this through their Work Coach, Universal Credit Journal or through the Universal Credit Service Centre (Telephone: 0345 600 0723). In order to be eligible for a Hardship Payment loan a person must be able to meet all the relevant Work-related Requirements that apply in their case (i.e. they must be looking for work and available for work) and have done so for seven days.

Regulation 116(1) to (3) Universal Credit Regulations 2013



HELP IN TIMES OF HARDSHIP

Before applying for a Hardship Payment loan, a person will be expected to have made every effort to access alternative sources of support, including asking family and friends for help and using food banks, etc.

However, this does not extend to borrowing money or selling or pawning belongings. Also, as part of any application, a person will be expected to have made 'every effort to cease to incur any expenditure' that does not relate to essential needs.

Any Hardship Payment loan would be recovered by way of monthly instalments from future payments of Universal Credit once the sanction ceases to apply.

Regulation 116 Universal Credit Regulations 2013
Advice for Decision Makers Chapter L1 (paragraphs L1086 to L1093)
Advice for Decision Makers Chapter L1 (paragraphs L1099 to L1103)
Regulation 119(1) to (3) Universal Credit Regulations 2013

6. Young People

If the person involved was aged 16/17 at the time of their sanction offence, then different, shorter, sanction periods apply. Also, the amount of Universal Credit reduction equates to 40% of the person's basic Universal Credit amount. However, there is no Hardship Payment available to this group.

Regulation 111(1) to (5) Universal Credit Regulations 2013

7. Complex Needs

If a person has 'complex needs' because, for example, they have a mental health condition or suffer from drug or alcohol dependency or are homeless or have literacy or language problems or they have been subject to domestic violence) and by reason of this they may be considered to be 'vulnerable', then Work Coaches should work with them and ensure that any Work-related Requirements that are imposed are appropriate and can be reasonably achievable.



Work Coaches are advised that in such cases they can apply a 'discretionary easement' or 'turn off' an individual's Work-related Requirements for a temporary period if necessary.

Decision Makers, who ultimately decide whether or not a person should be sanctioned, are told that in complex cases if it appears unreasonable to have expected the person to have met their Work-related Requirements, then they should apply 'good reason' to the failure and return the case to the Work Coach

with instructions to consider 'turning off' any conditionality for a short, medium or long period of time or for recurring periods depending upon the claimant's individual needs. See DWP Advice for Decision Making Chapter K2 Good Reason [ADM K2053 to K2058](#) and Regulations 95 to 99 of the Universal Credit Regulations 2013.

8. Disputes and Appeals

A person may challenge a decision to impose a sanction upon them. They may do this if they think the sanction has been imposed in relation to a Work-related Requirement that they think should not apply to them or because they believe they have 'good reason' for acting or failing to act as they did.

A person can ask for a 'mandatory reconsideration' which will lead to the DWP reviewing the sanction decision. If the person is not satisfied with the outcome, then they may appeal to a First-tier Tribunal.

Whilst normally a person has a one-month time limit to apply for a mandatory reconsideration it is arguable that there is no such limit in the case of sanction decisions. Therefore, if a person believes that they have been wrongly sanctioned in the past they could seek to challenge the decision even though several months have since past. However, there remains a one-month time limit in the case of applications for appeal. Though even in cases of appeal the time limit can be extended by 12 months where it would be 'fair and just' to do so.



Do see our Information Guide: 15: Disputes and Appeals for more information.

9. Information Guides and Fact Sheets

The Welfare Rights Service produces the following Information Guides and Fact Sheets on Social Security benefits and welfare reform.

Benefits Information Guides:

1. Universal Credit
2. Universal Credit - Claims and Payments
3. Universal Credit - The Claimant Commitment
4. Universal Credit - Sanctions and Hardship Payments
5. Universal Credit and Vulnerable People - Claims and Payments
6. Universal Credit - Unable to Work Due to Ill-health or Disability
7. Universal Credit and The Work Capability Assessment - Toolkit
8. Personal Independence Payment
9. Personal Independence Payment - Toolkit
10. Form Filling: PIP2
11. Form Filling: ESA50 / UC50
12. DWP Social Fund
13. The Spare Room Subsidy
14. The Benefit Cap
15. Disputes and Appeals
16. Going to Appeal: First-tier Tribunals

Benefits Fact Sheets:

1. Benefits and Work
2. Benefits and Disabled Children
3. Benefits and Young People
4. Benefits and Older People
5. Benefits and People from Abroad
6. Private Tenants and Universal Credit
7. Volunteering and Benefits

The information provided is designed to provide details of the different benefits that may be available to people in a variety of different situations including when they are in work, unable to work due to ill-health, unemployed or retired. It also seeks to inform people of the steps that may be taken should they wish to dispute a decision made surrounding their benefit entitlement.



A copy of the Information Guides and Fact Sheets may, together with other topical benefit information, be obtained from our [Social Security Benefits](#) page on the City of Wolverhampton Council website.

Please also watch out for our periodical **Benefits Bulletins** which provide news on the latest developments surrounding benefits and welfare reform. These are also available on the website.

☎ Telephone: (01902) 555351

✉ Email: WRS@wolverhampton.gov.uk

Note: The details provided in this and our other Information Guides and Fact Sheets is meant to provide an overview on important and topical issues relating to Social Security benefits and welfare reform. The details should not be treated as an authoritative statement of the law. The details may be subject to change by new regulation and/or case law. Do seek further information and advice as necessary.

Welfare Rights Service
Specialist Support Team
City of Wolverhampton Council