

Universal Credit: Sanctions and Hardship Payments

Information Guide 4: For Residents and Advisers

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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 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 are disabled, too sick to work and those with 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 Center and agree an individually tailored 'Claimant Commitment' which should confirm their 'work-related requirement' obligations and outline their personal circumstances.



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 unless their circumstances are exceptional (e.g. they are in hospital or need to attend to some domestic emergency) then they will not be entitled to Universal Credit. 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 their 'work-related requirements' 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 'work-related requirements' whilst claiming Universal Credit.

This Information Guide seeks only to provide an overview of the 'work-related requirements' as set out above and highlight the penalties for failing to meet those requirements.

Please note that special rules apply in the case of 16 and 17-year-olds and sanctions. See below.

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. higher-level sanction

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
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- meet a (2) work preparation requirement
- meet 'any particular action' stated by the DWP under the (3) work search requirement

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 then plus a further 7 days 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
- a work availability requirement

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 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 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-months, then the sanction period will be for three-years.

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

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 sincere religious or conscientious objects play a part in the way they acted?
- Did a domestic emergency or caring responsibility occur which cause 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.

Advice for Decision Makers Chapter K3 (paragraphs K2022 and K2041)
CS/371/49

4. The Amount of Sanction

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

- £8.20 per day - single person aged under 25; or
- £10.40 per day - single person aged 25 or over.

This broadly equates to the level of a person's daily basic amount ('standard allowance') of Universal Credit excluding any award for children, housing costs, disability or due to a caring responsibility. In the case of couples, the amount of reduction would be lower - £6.40 per day where both members of the couple are aged under 25 or £8.20 per day where either member of the couple is aged 25 or over. The amount of the reduction will be lower still (£3.30 per day for a single person under the age of 25 or £4.10 per day for a single person aged 25 or over) where, for example, the person affected is a carer or pregnant and within 11 weeks of giving birth or they have recently given birth.

Example: Habib is aged 23. He is single. He pays £65.00 per week rent for his bedsit accommodation. He gets Universal Credit of £533.44 per month (£251.77 per month basic amount plus £281.67 per month for his rent = £533.44 per month) for his overall day-to-day living expenses and rent. He has had a 'medium-level sanction' imposed upon him for 28 days because he failed (without 'good reason') to look for work. Habib would lose £229.60 (£8.20 basic daily rate of Universal Credit multiplied by 28 days = £229.60) in Universal Credit, due to his sanction.

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 do this through their Work Coach or through the Universal Credit Service Centre (Telephone: 0345 600 0723). In order to be eligible to 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

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 of 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 installments 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. 16 and 17-year-olds

If the person was aged 16/17 at the time of their sanction offence, then different, shorter, sanction periods apply. Also, the amount of Universal Credit reduction is only 40% of the amount deducted in the case of single people of couples aged under 25. Therefore, the sanction rate for a single person aged 16/17 would be £3.30 per day.

Whilst in the case of 16/17-year-olds the sanction periods are less and the financial penalty smaller, this group may not claim Hardship Payment loans.

Regulation 1119(1) to (5) Universal Credit Regulations 2013

7. 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.



Do see our Information Guide: 19 - Disputes and Appeals for more information. Please note that normally a person will only have one month in which to ask for a 'mandatory reconsideration' (although there is an argument that such time limit does not apply in sanction cases) and one month to ask for an appeal.

8. Information Guides

The City of Wolverhampton Council's Welfare Rights Service produces the following guides on benefits and welfare reform:

1. Universal Credit
2. Universal Credit - Claims and Payment
3. Universal Credit - The Claimant Commitment
4. Universal Credit - Sanctions and Hardship Payments
5. Universal Credit - Work Capability Assessment - Toolkit
6. Employment and Support Allowance
7. ESA - Work Capability Assessment - Toolkit
8. Personal Independence Payment
9. Personal Independence Payment - Toolkit
10. Form Filling - PIP2 and ESA50/UC50
11. Benefits for Young People
12. The Benefit Cap
13. The Spare Room Subsidy
14. DWP Social Fund
15. Local Welfare Assistance
16. Benefits and People from Abroad
17. JSA Sanctions
18. ESA Sanctions

19. Disputes and Appeals
20. Going to Appeal: First-tier Tribunals
21. Useful Contacts and Websites

If you would like a copy of any of the above Information Guides or you are in need of information and/or advice on a benefits or welfare reform matter, then please contact our Specialist Support Team:

☎ Telephone: (01902) 555351

✉ Email: A&C.WRS@wolverhampton.gov.uk

The information contained in this Information Guide is meant to provide insight to the nature of sanctions that may be imposed on people under Universal Credit. It 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.