

## Students and Universal Credit

### Background

One of the basic conditions of entitlement to Universal Credit is that you are not 'receiving education'. You are 'receiving education' if you are:

- on a full-time course of advanced education (e.g. degree or postgraduate level);
- on a full-time course of study or training and you receive a grant or loan for your maintenance;
- a qualifying young person and are on a course of non-advanced education of at least 12 hours a week that you started or enrolled on before you turned 19;
- on a course that is not compatible with your work-related requirements (see below); this could include some part-time students.

### Which students can claim Universal Credit?

There are exceptions. You may be able to claim Universal Credit whilst you are receiving education if you are:

- in non-advanced education, under the age of 21 (or are 21 and reached that age while studying) **and** you are without parental support (see below);
- entitled to Attendance Allowance, Personal Independence Payment or Disability Living Allowance **and** you have a limited capability for work;
- responsible for a child or qualifying young person;
- a single foster parent;
- a member of a couple and the other member is not a student;
- a member of a couple and your partner is a student who falls under one of the exceptions;
- waiting to return to your course after taking time out due to illness or caring responsibilities;
- Pension Credit qualifying age and have a partner who has not reached that age.

### **'Without parental support'**

You are considered to be without parental support if you are not looked after by the local authority and you:

- have no parent
- cannot live with your parents because you are estranged from them
- cannot live with your parents because there is a serious risk to your physical or mental health, or you would suffer significant harm if you lived with them
- are living away from your parents and they cannot support you because they are ill, disabled, in prison or not allowed to enter Britain.

## **Disabled students**

You can claim Universal Credit as a disabled student if you:

- receive a qualifying benefit (Personal Independence Payment, Disability Living Allowance or Attendance Allowance) **and**
- you have been assessed as having a limited capability for work under the Work Capability Assessment (WCA) or can be treated as having limited capability for work (e.g. due to terminal illness or receiving specified treatment).

Disabled students who have an award of a qualifying benefit but who have not been assessed and cannot be treated as having limited capability for work are not entitled to Universal Credit. This is different to the rules for Employment and Support Allowance where students receiving a qualifying disability benefit are automatically treated as having limited capability for work.

### **What can students in this position do?**

Claiming Universal Credit is not the only way for someone to be assessed as having limited capability for work. Claimants of new style (contributory) Employment and Support Allowance also get assessed through the Work Capability Assessment (WCA). A possible solution for students who receive a qualifying benefit, but have not yet been assessed, is to make a claim for new style ESA. A claim can be made even if the National Insurance contribution conditions are not met; no benefit will be payable, but people claim in order to receive Class 1 National Insurance credits for limited capability for work. Once the student has been found to have limited capability for work, a claim can then be made for Universal Credit, provided that a qualifying benefit remains in payment.

This route forward is not without its problems. It can take a long time for the WCA to be completed and it is difficult to start a course without being certain of the financial help that

might be available. Potential claimants may decide to delay their study in order to establish limited capability for work before they become students.

Another option for students in this position is to make a claim for Universal Credit and ask for it not to be decided until the WCA has been carried out. Currently, the DWP are refusing UC for claims where the student does not have limited capability for work at the outset. Arguably this is wrong, and the DWP should not make a decision on these claims until the student has had her/his limited capability for work assessed. Assessment of limited capability for work is the DWP's responsibility, so they should refer the claimant for a WCA. We have heard of cases where the DWP have taken this approach and allowed claims pending a WCA – it appears that decision making is varying in the application of these rules.

Problems claiming Universal Credit for students in this position have been brought to the government's attention and it remains to be seen if action will be taken to ease the situation.

## Work-related requirements

Most Universal Credit claimants have to fulfil specified work-related requirements in order to receive benefit. Work-related requirements include work search, work-related activity, work-focused interview and work preparation. The work-related requirements that you are expected to do depend upon your circumstances.

If you are a student who is able to claim Universal Credit, you will **not** have to fulfil any work-related requirements **if** you are:

- under 21 in non-advanced education and are without parental support **or**
- in receipt of student income (e.g. a student loan).

If you are able to claim Universal Credit as a student but do not fit into either of these two categories, you may fit into one of the groups of other people who do not have any work-related requirements (e.g. you are responsible for a child under 5 or a carer or have limited capability for work-related activity). Otherwise, you may be subject to all work-related requirements as a condition of receiving Universal Credit and could be sanctioned if you fail to meet the conditions of your Claimant Commitment.

Although part-time students are not explicitly excluded from Universal Credit, you may still be treated as receiving education, and unable to claim Universal Credit, if it is decided that your study is not compatible with your work-related requirements. It may be possible to argue that the part-time course should be seen as 'voluntary work preparation', reducing your work search requirements.

## Student income

If you (or your partner) receive student income (e.g. student loan), it is likely to be counted as income for your Universal Credit claim and reduce the award that you receive.

### Maintenance loans and grants

Your maximum entitlement to a student loan for maintenance will be taken into account, regardless of whether you actually apply for it. For postgraduate students, 30% of the maximum amount is taken into account. The maximum amount is taken into account even if it is reduced by a parental contribution, or if part of the loan is replaced by a student grant.

If you receive a special support element as part of your loan, this is disregarded. If you receive a student loan, any grant which is paid to cover the same period as the loan is usually disregarded unless it is for someone who is part of your UC claim (e.g. a child) or for rent met by UC.

If you do not get a loan, the regulations state that “any kind of educational grant or award, excluding a student loan” is taken into account as student income. Payments for under 21-year olds are disregarded.

Grants to cover course costs (such as tuition or exam fees, books and equipment, childcare) and payments in respect of disability are disregarded.

### Student income overview

Type of student income	Counted as income
Student maintenance loan	Yes – maximum amount
Postgraduate maintenance loan	Yes - 30% of the maximum amount
Tuition fees loan	No
Course costs loan or grant (exam fees, books, equipment)	No
Special support element	No
Advanced learner loan	No
Bursary Grant for 16-19 year olds or Education Maintenance Allowance	No

**Note:** this is not an exhaustive list.

## How is student income calculated?

Universal Credit awards are assessed and paid monthly. Student income counts as income in assessment periods that fall during the period of the course, as well as in the assessment period in which the course begins. Student income can be ignored during the longest holiday, if the holiday lasts for at least a month and the period of study is at least two years long.

To calculate how much student income will be taken into account:

**Step 1:** Work out the total amount of student income, including disregards for certain types of payment (e.g. special support element)

**Step 2:** Work out how many assessment periods will fall during the year of study

**Step 3:** Divide the amount from step 1 by the number from step 2

**Step 4:** Deduct £110 from the answer in step 3 (in each assessment period, £110 of student income is disregarded).

## Time out from a course

You are treated as receiving education from the first to the last day of the course, or up to the day on which you are dismissed from or abandon the course.

## Temporary absence

You will normally still be treated as a student during a temporary absence, unless very limited exceptions apply. You will not be treated as a student if:

- you have taken time out due to illness or caring responsibilities;
- within the last year you have recovered, or your caring responsibilities have ended;
- you are not eligible for a grant or a loan;
- you are waiting to return to your course; **and**
- the institution you are studying at agreed to your absence

## Permanent absence

If you leave your course completely, you no longer count as a student. Any student income you receive will be taken into account up to the end of the monthly assessment period before the one in which you leave your course.