EXPLANATORY MEMORANDUM TO

THE FINES (DEDUCTIONS FROM INCOME SUPPORT) (MISCELLANEOUS AMENDMENTS) REGULATIONS 2021

2021 No. 1077

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The purpose of this instrument is to set the rate of the deductions in Universal Credit for court fines and amend the deductions priority list accordingly. The deduction will be set at 5% of the applicable Universal Credit standard allowance.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is Great Britain.

4.2 The territorial application of this instrument is Great Britain.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 This instrument amends regulations 4(1B) of the Fines (Deductions from Income Support) Regulations 1992[1]. The aim is to clarify that the Department will only make deductions for court fines debt at 5% of the applicable Universal Credit Standard Allowance. It also amends the deductions priority list under paragraph 5 of Schedule 6 to the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 [2]to reflect the 5% rate.

7. Policy background

What is being done and why?

7.1 In response to a recent ruling by the high court, the department has amended its policy on making deductions for court fines at a rate of 5% of the applicable standard allowance. This amendment clarifies that court fine deductions from Universal Credit will be set at a one flat rate of 5% of the applicable Universal Credit Standard

[1] https://www.legislation.gov.uk/uksi/1992/2182/regulation/4/2014-01-01#regulation-4-5
[2] https://www.legislation.gov.uk/uksi/2013/380/schedule/6

Allowance, removing the current minimum rate of 5% and maximum rate of £108.35. This amendment will align legislation with the current policy.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 Informal consolidation text or instruments is available to the public free of charge via the 'National Archive' website www.legislation.gov.uk

10. Consultation outcome

10.1 Given that the department had already been taking a minimum of 5% of the applicable Standard Allowance for court fines, no consultation was undertaken.

11. Guidance

11.1 Existing internal guidance correctly reflects the change so it will continue to be used as the amended legislation supports the policy.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 The Department estimates that this change will reduce the recoupment of court fines through deductions from UC by around £70m in total between 2021/22 and 2026/27.

12.3 An Impact Assessment has not been prepared for this instrument because the deductions that will be made are within the parameters of the existing legislation and there is no, or no significant impact on business, charities or voluntary bodies.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 The Department will continue to evaluate and monitor the impact of its policies. This instrument does not include a statutory review clause.

15. Contact

15.1 Rowena Fernandes at the Department of Work and Pensions email: Rowena.fernandes@dwp.gov.uk can be contacted with any queries regarding the instrument.

15.2 Graeme Connor Deputy Director for UC Analysis and UC Policy Divisions, at the Department of Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.

15.3 David Rutley, Minister of Welfare Delivery at the Department of Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.