STATUTORY INSTRUMENTS

2014 No. 597

SOCIAL SECURITY

The Universal Credit and Miscellaneous Amendments Regulations 2014

Made - - - -	*11th March 2014*
Laid before Parliament	*18th March 2014*
Coming into force - -	*28th April 2014*

The Secretary of State for Work and Pensions makes the following Regulations in exercise of the powers conferred by sections 5(1)(p) and 189(1), (5) and (6) of the Social Security Administration Act 1992(**a**), sections 10(3), 79(1), (4), (6) and (7) and 84 of the Social Security Act 1998(**b**), sections 6H(5) and (6), 6J(5)(b), 6K(4)(b) and (5), 12(1) and (2), 35(1) and 36(2) and (4)(a) of the Jobseekers Act 1995(**c**), sections 11H(5) and (6), 11J(3)(b) and (4), 17(1) and (2), 24(1) and 25(2) and (3) of the Welfare Reform Act 2007(**d**) and sections 9(2), 10(3), 11(4), 12(3), 18(5), 22(2), 24(5) and (6), 26(6)(b), 27(5)(b), 28, 37(6), 40 and 42(1), (2) and (3)(a) of the Welfare Reform Act 2012(**e**).

The Social Security Advisory Committee has agreed that proposals in respect of these Regulations need not be referred to it(**f**).

Citation and commencement

1. These Regulations may be cited as the Universal Credit and Miscellaneous Amendments Regulations 2014 and come into force on 28th April 2014.

Amendment of the Universal Credit Regulations 2013

2.—(1) The Universal Credit Regulations 2013(**g**) are amended as follows.

(**a**) 1992 c.5. Section 189(1) was amended by paragraph 109(a) of Schedule 7 to the Social Security Act 1998 (c.14), paragraph 57(2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2) and Schedule 6 to the Tax Credits Act 2002 (c.21). Section 189(5) was amended by paragraph 109(c), (d) and (e) of Schedule 7 and by Schedule 8 to the Social Security Act 1998. Section 189(6) was amended by S.I. 2013/252.

(**b**) 1998 c.14. Section 79(1) was amended by paragraph 13(2) of Schedule 4 to the Tax Credits Act 2002 and S.I 2008/2833. Section 84 is an interpretation provision and is cited because of the meaning given to the word "prescribe".

(**c**) 1995 c.18. Sections 6H, 6J and 6K were inserted by section 49(3) of the Welfare Reform Act 2012 (c.5). Section 35(1) is an interpretation provision and is cited because of the meaning given to the words "prescribed" and "regulations". The definition of "prescribed" was amended by paragraph 62 of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999.

(**d**) 2007 c.5. Sections 11H and 11J were inserted by section 57(2) of the Welfare Reform Act 2012. Section 24(1) is an interpretation provision and is cited because of the meaning given to the words "prescribed" and "regulations".

(**e**) 2012 c.5. Section 40 is an interpretation provision and is cited because of the meaning given to the word "prescribed".

(**f**) *See* sections 172(1) and 173(1)(b) of the Social Security Administration Act 1992 (c.5).

(**g**) S.I. 2013/376.

(2) In regulation 2 (interpretation)(**a**) after the definition of "employment and support allowance" insert—

""enactment" includes an enactment comprised in, or an instrument made under, an Act of the Scottish Parliament or the National Assembly of Wales;".

(3) In regulation 37 (run-on after a death) at the end of sub-paragraph (b) omit "or" and after sub-paragraph (c) insert—

"; or

(d) a person who was a non-dependant within the meaning of paragraph 9(2) of Schedule 4,".

(4) In regulation 39 (limited capability for work)—

(a) in paragraph (6), insert at the start "Subject to paragraph (7),";

(b) after paragraph (6), insert—

"(7) Where the circumstances set out in paragraph 4 or 5 of Schedule 8 apply, a claimant may only be treated as having limited capability for work if the claimant does not have limited capability for work as determined in accordance with an assessment under this Part. ".

(5) In regulation 40 (limited capability for work and work-related activity)—

(a) in paragraph (5), insert at the start "Subject to paragraph (6),";

(b) after paragraph (5), insert—

"(6) Where the circumstances set out in paragraph 4 of Schedule 9 apply, a claimant may only be treated as having limited capability for work and work-related activity if the claimant does not have limited capability for work and work-related activity as determined in accordance with an assessment under this Part.".

(6) In regulation 98(4) (victims of domestic violence)(**b**) for paragraph (a) of the definition of "registered social worker" substitute—

"(a) The Health and Care Professions Council;".

(7) In regulation 99 (circumstances in which requirements must not be imposed)—

(a) in paragraphs (1) and (2) omit ", (5)" in each place it occurs;

(b) after paragraph (2), insert—

"(2A) Where paragraph (5) applies—

(a) the Secretary of State must not impose a work search requirement on a claimant; and

(b) a work search requirement previously applying to the claimant ceases to have effect from the date on which the circumstances set out in paragraph (5) begin to apply.

(2B) Where paragraph (5A) applies "able and willing to take up work" under a work availability requirement means able and willing to take up paid work, or to attend an interview, immediately once the circumstances set out in paragraph (5A) no longer apply.

(2C) Where paragraph (5B) applies, "able and willing to take up work" under a work availability requirement means—

(a) able and willing to take up paid work immediately once the circumstances set out in paragraph (5B) no longer apply; and

(b) able and willing to attend an interview before those circumstances no longer apply.";

(c) in paragraph (5) omit "or a work availability requirement" and "or 18(3)"; and

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(**a**) There are amendments which are not relevant to this instrument.
(**b**) Regulation 98(4) was amended by S.I. 2013/1508.

(d) after paragraph (5), insert—

"(5A) This paragraph applies where the Secretary of State is satisfied that it would be unreasonable to require the claimant to comply with a work availability requirement to be able and willing to—

(a) take up paid work; and

(b) attend an interview,

(including if such a requirement were limited in accordance with section 18(3) of the Act) because the claimant falls within sub-paragraph (a), (b), or (c) of paragraph (5).

(5B) This paragraph applies where the Secretary of State is satisfied that it would be—

(a) unreasonable to require the claimant to comply with a work availability requirement to be able and willing to take up paid work because the claimant falls within sub-paragraph (a), (b) or (c) of paragraph (5); and

(b) reasonable to require the claimant to comply with a work availability requirement to be able and willing to attend an interview;

including if such requirement were limited in accordance with section 18(3) of the Act.".

(8) In regulation 101(4) (general principles for calculating reduction periods), for "14" substitute "13".

(9) In regulation 102(2)(a)(ii) and (iii) and (b)(ii) (higher-level sanction), for "365" substitute "364".

(10) In regulation 103(2)(a)(ii) and (b)(ii) (medium-level sanction), for "365" substitute "364".

(11) In regulation 104(2)(b)(ii) and (iii) and (3)(b) (low-level sanction), for "365" substitute "364".

(12) In regulation 116 (conditions for hardship payments)—

(a) at the end of paragraph (1)(f) omit "and";

(b) after paragraph (1)(g), insert—

"; and

(h) the daily reduction rate in regulation 111(1) applies for the purposes of the reduction in respect of the claimant under section 26 or 27 of the Act."; and

(c) in paragraph (2)(a)(i), for "regulation 111" substitute "regulation 111(1)".

(13) In Schedule 4 (housing costs element for renters), in paragraph 7 (relevant payments calculated monthly)—

(a) after sub-paragraph (2)(a) insert—

"(aa) two-weekly payments are multiplied by 26 and divided by 12;";

(b) in sub-paragraph (3) after "rent free periods," insert "subject to sub-paragraph (3A),";

(c) after sub-paragraph (3) insert—

"(3A) Where sub-paragraph (3) applies and the relevant payments in question are—

(a) weekly payments, the total number of weekly payments which the renter is liable to make in any 12 month period shall be calculated by reference to the formula—

$$52 - RFP;$$

(b) two-weekly payments, the total number of two-weekly payments which the renter is liable to make in any 12 month period shall be calculated by reference to the formula—

$$26 - RFP;$$

(c) four-weekly payments, the total number of four-weekly payments which the renter is liable to make in any 12 month period shall be calculated by reference to the formula—

$$13 - RFP;$$

where "RFP" is the number of rent free periods in the 12 month period in question.".

(14) In Schedule 5 (housing costs element for owner-occupiers)—

(a) in paragraph 2 (interpretation)—

(i) before "alternative finance payments" insert—

""alternative finance arrangements" has the meaning given in paragraph 6(2) of Schedule 1;";

(ii) after "qualifying period" insert—

""relevant date" means, in relation to an owner-occupier, the date on which an amount of housing costs element calculated under this Schedule is first included in the owner-occupier's award;";

(b) omit paragraph 10(5);

(c) for paragraph 11(3) (amount in respect of alternative finance arrangements) substitute—

"(3) "Purchase price" means the price paid by a party to the alternative finance arrangements other than the owner-occupier in order to acquire the interest in the accommodation to which those arrangements relate less—

(a) the amount of any initial payment made by the owner-occupier in connection with the acquisition of that interest; and

(b) the amount of any subsequent payments made by the owner-occupier before the relevant date to another party to the alternative finance arrangements which reduce the amount owed by the owner-occupier under the alternative finance arrangements.

(4) Any variation in the amount for the time being owing in connection with alternative finance arrangements is not to be taken into account after the relevant date until such time as the Secretary of State recalculates the amount under this Schedule by reference to the amount that is owing in connection with the alternative finance arrangements—

(a) on the first anniversary of the relevant date; or

(b) in respect of any variation after the first anniversary, on the next anniversary which follows the date of the variation.";

(d) in paragraph 12(3) (standard rate to be applied under paragraphs 10 and 11) for "0.5%" substitute "0.5 percentage points";

(e) in paragraph 13 (amount in respect of service charge payments)—

(i) after sub-paragraph (3)(a) insert—

"(aa) two-weekly payments are multiplied by 26 and divided by 12;";

(ii) in sub-paragraph (4) after "service charge free periods," insert "subject to sub-paragraph (4A),";

(iii) after sub-paragraph (4) insert—

"(4A) Where sub-paragraph (4) applies and the service charge payments in question are—

(a) weekly payments, the total number of weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

$$52 - SCFP;$$

(b) two-weekly payments, the total number of two-weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

$$26 - SCFP;$$

(c) four weekly payments, the total number of four-weekly service charge payments which the owner-occupier is liable to make in any 12 month period shall be calculated by reference to the formula—

$$13 - SCFP;$$

where "SCFP" is the number of service charge free periods in the 12 month period in question.".

Amendment of the Jobseeker's Allowance Regulations 2013

3.—(1) The Jobseeker's Allowance Regulations 2013(**a**) are amended as follows.

(2) In regulation 15(5) (victims of domestic violence)(**b**) for paragraph (a) of the definition of "registered social worker" substitute—

"(a) the Health and Care Professions Council;".

(3) In regulation 18(4)(a) (general principles for calculating reduction periods), for "14" substitute "13".

(4) In regulation 19(1)(b) and (c) (higher-level sanction), for "365" substitute "364".

(5) In regulation 20(b) (medium-level sanctions), for "365" substitute "364".

(6) In regulation 21(3)(b) and (c) (low-level sanctions), for "365" substitute "364".

(7) In regulation 58(2) (earnings of employed earners), after sub-paragraph (h) insert—

"(i) any bounty paid at intervals of at least one year and derived from employment to which paragraph 6 of the Schedule to these Regulations applies.".

Amendment of the Employment and Support Allowance Regulations 2013

4.—(1) The Employment and Support Allowance Regulations 2013(**c**) are amended as follows.

(2) In regulation 49(5) (victims of domestic violence)(**d**) for paragraph (a) of the definition of "registered social worker" substitute—

"(a) the Health and Care Professions Council;".

(3) In regulation 51(4)(a) (general principles for calculating reduction periods), for "14" substitute "13".

(4) In regulation 52(b)(ii) to (vii) (low-level sanction), for "365" substitute "364".

(5) In regulation 80 (earnings of employed earners)—

(a) in paragraph (1)(h) for "sections" substitute "section" and for "and" substitute "or";

(b) after paragraph (2)(f) insert—

"(g) any bounty paid at intervals of at least one year and derived from employment as—

(i) a part-time fire-fighter in a fire brigade maintained in pursuance of the Fire and Rescue Services Act 2004(**e**);

(ii) a part-time fire-fighter employed by a fire and rescue authority under that Act;

(iii) a part-time fire-fighter employed by the Scottish Fire and Rescue Service established under section 1A of the Fire (Scotland) Act 2005(**f**);

(**a**) S.I. 2013/378.
(**b**) Regulation 15(5) was amended by S.I. 2013/1508.
(**c**) S.I. 2013/379.
(**d**) Regulation 49(5) was amended by S.I. 2013/1508.
(**e**) 2004 c.21.
(**f**) 2005 asp 5.

(iv) an auxiliary coastguard in respect of coast rescue activities;

(v) a person engaged part-time in the manning or launching of a lifeboat;

(vi) a member of any territorial or reserve force prescribed in Part 1 of Schedule 6 to the Social Security (Contributions) Regulations 2001(**a**).".

Amendment of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013

5. In Schedule 6 (deductions from benefit and direct payment to third parties) to the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013(**b**)—

(a) in paragraph 11 (eligible loans)—

(i) in sub-paragraph (1) for "both of the following conditions are met", substitute "in any assessment period the claimant is in arrears in respect of a loan entered into (whether solely or jointly) with an eligible lender in respect of an eligible loan";

(ii) omit sub-paragraphs (2) and (3);

(b) in paragraph 12 (integration loans)—

(i) in sub-paragraph (1) for "both of the following conditions are met", substitute "the claimant has an integration loan which is recoverable by deductions";

(ii) omit sub-paragraphs (2) and (3).

Amendment of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013

6. In regulation 26(1) (medical evidence and limited capability for work etc.) of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013(**c**) for sub-paragraph (b) substitute—

"(b) made a determination that the claimant is to be treated as having—

(i) limited capability for work in accordance with regulation 16, 21, 22 or 29 of the Employment and Support Allowance Regulations 2013; or

(ii) limited capability for work or for work and work-related activity in accordance with Part 5 (capability for work or work-related activity) of the Universal Credit Regulations.".

Signed by authority of the Secretary of State for Work and Pensions.

Freud
Parliamentary Under Secretary of State
Department for Work and Pensions

11th March 2014

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend a number of different regulations relating to social security. The amendments relate to the new social security benefits introduced under the Welfare Reform Act

(**a**) S.I. 2001/1004.
(**b**) S.I. 2013/380. There is an amendment to paragraph 11 that is not relevant to this instrument.
(**c**) S.I. 2013/381.

2012 (c.5) - in particular, Universal Credit and the new contributions-based Jobseeker's Allowance and Employment and Support Allowance.

Regulation 2 makes various amendments to the Universal Credit Regulations 2013 (S.I. 2013/376) ("the Universal Credit Regulations").

Regulation 2(2) inserts a definition which provides that Scottish and Welsh enactments are covered by the Universal Credit Regulations.

Regulation 2(3) extends the bereavement run-on provision in regulation 37 of the Universal Credit Regulations so that it also applies following the death of a non-dependant who, immediately prior to their death, was a member of a claimant's extended benefit unit (within the meaning of paragraph 9(2) of Schedule 4 to those Regulations).

Regulation 2(4) makes an amendment which applies to claimants who are a risk to themselves or others and to claimants with a life-threatening disease. It changes the circumstances in which those claimants can be treated as having limited capability for work. They can only be so treated where they have had an assessment of their capability for work. Regulation 2(5) makes a similar amendment which applies to claimants who are a risk to themselves or others in relation to the circumstances in which those claimants can be treated as having limited capability for work or work-related activity.

Regulation 2(6) updates the definition of "registered social worker" used in regulation 98 of the Universal Credit Regulations, and regulations 3(2) and 4(2) make equivalent updates to the same definition in the Jobseeker's Allowance Regulations 2013 (S.I. 2013/378) ("the Jobseeker's Regulations") and the Employment and Support Allowance Regulations (S.I. 2013/379) ("the Employment and Support Allowance Regulations").

Regulation 2(7) amends the circumstances in which work search requirements and work availability requirements cannot be imposed on a claimant. Those requirements cannot be imposed when the Secretary of State considers it would be unreasonable to impose them because the claimant is unfit for work, has a domestic emergency (or similar temporary circumstances) or is carrying out preparation for work. The amendment allows for a work search requirement to be imposed without also imposing a work availability requirement, and vice versa.

Regulation 2(8) to (11) alters two periods which are used to determine whether a claimant should have their benefit sanctioned (reduced). Where a claimant fails to meet more than one of their requirements in relation to Universal Credit, the length of the sanction can be increased for the second failure. There is no increase in length if the two failures occurred within 15 days of each other or if they occurred at least 366 days apart. The 15 day period is changed to 14 days and the 366 day period is changed to 365. Regulation 3(3) to (6) makes the same change for the Jobseeker's Regulations and regulation 4(3) and (4) makes the same change for the Employment and Support Allowance Regulations.

Regulation 2(12) changes provisions relating to hardship, which is an amount of benefit a claimant can be paid when they have been sanctioned. A sanction can reduce a claimant's benefit by either 100% or 40%. The amendment provides that a claimant in hardship can only get a hardship payment where they have a sanction at 100%.

Regulation 2(13) amends the provision in Schedule 4 to the Universal Credit Regulations which allows for any rent or service liability charged to a renter on a weekly basis (or on any other basis other than monthly) to be converted into a monthly figure. The amendments insert a formula allowing for the conversion of a two-weekly rent or service charge liability into a monthly figure. They also clarify that, in any case where a renter with a weekly or multi-weekly liability has the benefit of rent or service charge free weeks, the conversion to a monthly figure must be done based on a standard 52 week year. Regulation 2(14)(e) makes equivalent amendments to Schedule 5 to the Universal Credit Regulations, which contains equivalent conversion provisions in relation to service charges paid by owner-occupiers.

The remainder of regulation 2(14) makes further amendments to Schedule 5 to the Universal Credit Regulations, which sets out how entitlement to the housing costs element of Universal

Credit is to be calculated for owner-occupiers. For owner-occupiers who do not have a standard mortgage but have entered into alternative finance arrangements, the amendments clarify how the purchase price taken into account in their Universal Credit assessment is to be calculated. They also provide for variations in the amount owing under such alternative finance arrangements to be taken into account on an annual review date, in the same way as for standard mortgages. They also clarify when the standard interest rate which is used in calculating housing costs entitlement for owner-occupiers is to be adjusted, based on changes to the Bank of England's average mortgage rate.

Regulation 3(7) makes a change to the Jobseeker's Regulations in relation to bounty payments, which are payments to armed forces reservists, lifeboat crews and others. The change means that bounty payments made more than a year apart are not included as earnings. Regulation 4(5)(b) makes the same change to the Employment and Support Allowance Regulations.

Regulation 4(5)(a) makes a minor amendment to the Employment and Support Allowance Regulations to align the drafting with similar provisions in other working age benefit legislation.

Regulation 5 amends the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 (S.I. 2013/380) by removing provisions preventing the recovery of an eligible loan or integration loan where the Secretary of State is recovering a Social Fund loan or benefit overpayment.

Regulation 6 amends the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations 2013 (S.I. 2013/381) to allow a universal credit decision to be superseded where the Secretary of State determines that the claimant is to be treated as having limited capability for work or for work and work-related activity.

An impact assessment has not been produced for this instrument as it has no impact on business and civil society organisations. The instrument has no impact on the public sector.

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