EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT (MISCELLANEOUS AMENDMENTS) REGULATIONS 2020

2020 No. 611

1. Introduction

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

2. Purpose of the instrument

2.1 The Universal Credit (Miscellaneous Amendments) Regulations 2020 make amendments below.

- Allow full regulatory cover to use the Landlord Portal to verify changes to housing costs with landlords. The Landlord Portal is an online tool which enables landlords to verify rent values for tenants who claim support for housing costs in Universal Credit.
- Make it clear that the earnings threshold, for the purpose of the benefit cap grace period, is to be calculated using the national living wage as at the beginning of each month or assessment period (an assessment period for Universal Credit is a period of one month) in which the claimant was working. For households where the benefit cap is applied through Universal Credit there can be a period of 9 months, known as a grace period, during which time their benefit may not be capped.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

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.

4.3 Corresponding legislation for Northern Ireland is being made and laid in parallel to this instrument by the Department for Work and Pensions on behalf of the Department for Communities.

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 makes amendments to The Universal Credit Regulations 2013[1] and The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013[2] to ensure that claimants benefit from a history of sustained employment and that the benefit cap is not applied. It also improves the efficiency and accuracy in calculating Universal Credit housing costs by enabling those costs to be verified by landlords where circumstances change.

7. Policy background

What is being done and why?

Benefit Cap

7.1 The Benefit Cap is a limit on the total amount of benefit working age claimants can receive. The national limit per year is £20,000 for couples and lone parents and £13,400 for single people. Apart from Greater London, where it is £23,000 for couples and lone parents and £15,410 for single people. For households where the benefit cap is applied through Universal Credit there can be a period of 9 months, known as a grace period, during which time their benefit may not be capped. A grace period can be applied where the household earnings are at least a certain amount, this is known as the benefit cap earnings threshold. To qualify for a grace period, the household earnings must have been at least the relevant earnings threshold for the previous 12 months/assessment periods.

7.2 The benefit cap earnings threshold is calculated using the national living wage set out in regulation 4 of the National Minimum Wage Regulations 2015[3].

7.3 As the amount of the national living wage changes each year this amendment will ensure that the correct amount of national living wage, relating to the time when the work was undertaken, is used to calculate whether a grace period applies.

7.4 Part of this amendment is also to remove reference to the £430 amount that is now no longer relevant.

7.5 As this amendment clarifies amendments made in 2017 and removes redundant references, this statutory instrument is being issued free of charge to all known recipients of the Universal Credit (Benefit Cap Earnings Exception) Amendment Regulations 2017 (S.I. 2017/138)[4].

Landlord Portal

7.6 These amendments provide for the Department to request, and landlords to provide, evidence regarding a claimant's housing costs where a change of circumstances has occurred.

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[1] http://www.legislation.gov.uk/uksi/2013/376/contents
[2] http://www.legislation.gov.uk/uksi/2013/380/contents/made
[3] http://www.legislation.gov.uk/uksi/2015/621/regulation/4/made
[4] http://www.legislation.gov.uk/uksi/2017/138/contents/made

7.7 This is done through the Landlord Portal. The Landlord Portal is an online tool which enables landlords to verify rent values for tenants who claim support for housing costs in Universal Credit.

7.8 The amendment replicates the data sharing powers for new claims and will provide a more efficient way of verifying a claimant's changes of circumstances in relation to housing costs, improving accuracy and helping to ensure that the claimant receives the correct entitlement as promptly as possible.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

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 consolidated text or instruments is available to the public free of charge via the National Archives' website: www.legislation.gov.uk.

10. Consultation outcome

10.1 The Department presented the draft regulations to the Social Security Advisory Committee (SSAC) on 8th April 2020. The Committee did not take the regulations on formal reference.

11. Guidance

11.1 Official guidance will be updated both internally and on gov.uk.

12. Impact

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

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because our assessment on business for using the landlord portal to report changes of circumstances is that it will have a positive impact on the claimant, and a net positive financial impact on Social Rented Sector landlords is estimated to be under £5m.

12.4 Landlords' general view was that a poor customer journey in Universal Credit negatively impacts the landlord. The Landlord Portal was designed using feedback from stakeholders including external Social Rented Sector landlords. The intention of the Landlord Portal is to streamline reporting of information for Social Rented Sector landlords, and superseded reporting by email and regular post which was less secure, and less automated. We believe the measure will be a saving because the expanded use of the Landlord Portal continues to improve the claimant journey.

12.5 A change of circumstance will be a relatively rare event for Social Rented Sector claimants as any change of circumstance, in the absence of a new claim, will primarily be due to a change of address or an annual rent change. Most such claimants will therefore only be subject to one such change per year.

12.6 In steady state in UC, we expect there to be c. 2.5m households in the social rented sector. The unit cost assumption in the Department for processing a change of circumstance for 2019/20 was £10.79 and it seems reasonable to assume similar costs

in the context of landlords who access the Portal (e.g. housing associations). We do not know the extent to which claimants move address, but for there to be an impact of more than £5m in any one year would require almost 20% of claimants changing address in a year which we consider to be highly unlikely.

13. Regulating small business

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

14. Monitoring & review

14.1 There are no plans to formally review the impacts of these amendments.

14.2 The regulation does not include a statutory review.

15. Contact

15.1 Joe Cook at the Department for Work and Pensions Telephone: 0203 1935526 or email: joseph.cook1@dwp.gov.uk can be contacted with any queries regarding the instrument.

15.2 Kerstin Parker, Deputy Director for Universal Credit Policy at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.

15.3 Will Quince, Minister for Welfare Delivery, at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.