EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT, PERSONAL INDEPENDENCE PAYMENT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE (CLAIMS AND PAYMENTS) (AMENDMENT) (NO. 2) REGULATIONS (NORTHERN IRELAND) 2026

2026 No. 186

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Communities (the Department) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule (the Rule) is made under powers conferred by Sections 1(1) and 165(1), (4) and (6) of the Social Security Administration (Northern Ireland) Act 1992.

1.3 The Rule is subject to the negative resolution procedure.

2. Purpose

What does the legislation do?

2.1 Under existing legislation, where an individual's Universal Credit[1] award is reduced to nil due to earnings, the individual may be "treated as making" a new Universal Credit claim for the following five assessment periods (months)[2]. This means that if their earnings reduce sufficiently in these periods, they do not need to make a new claim, and instead their Universal Credit will automatically go back into payment.

2.2 This rule, coming into effect on 30 November 2026, will extend this period for those who have been referred onto a funded employment scheme[3] by the Department, until the assessment period after they complete the scheme. This will mean that individuals who complete a relevant funded employment scheme, and do not continue in employment, do not need to reclaim Universal Credit as their claim will automatically go back into payment if their income drops.

3. Policy Context

What is being done and why?

3.1 Where an individual in receipt of Universal Credit sees their income increase, their Universal Credit award is reduced by 55p for every £1, until it reaches zero (the taper rate). Where a Universal Credit award is reduced to zero due to earnings (a nil award), a claimant may be "treated as making" a new claim, with an automatic check of income being completed, for a further five months (assessment periods). If income drops below the level where the claimant would be entitled to Universal Credit during this period, then their Universal Credit will automatically go back into payment. If

[1] https://www.nidirect.gov.uk/campaigns/universal-credit

[2] Universal Credit is calculated based on an individual's circumstances each month. These are called 'assessment periods'.

[3] A funded employment scheme is an employment intervention where all, or part, of the wages of an individual participating in the scheme are funded by the organisation delivering the scheme. Normally the organisation delivering the scheme reimburses the employer for wages paid to the participant of the scheme. A recent example of a funded employment scheme was the JobStart Scheme - https://www.nidirect.gov.uk/articles/jobstart-scheme.

income drops after this period, then the individual would need to submit a new Universal Credit claim to continue receiving support.

3.2 These Regulations, with effect from 30 November 2026, will extend the period where an individual who is on a relevant funded employment scheme will be "treated as making" a Universal Credit claim. It allows the Department to treat the person as re-claiming Universal Credit up until the month after they cease to be on an employment scheme. This will ensure that participants leaving a funded employment scheme will not have to make a new claim for Universal Credit if they are unable to secure onward employment as their Universal Credit will automatically go back into payment. This will reduce the risk of participants facing financial hardship after the end of a scheme, as there could be a gap in income if they were not to reclaim Universal Credit immediately following the end of the job on a funded employment scheme. It will also support the Department's ability to provide a streamlined customer journey, supporting participants who do not transition directly into employment, education or training to leverage their experience on a scheme to secure employment.

What was the previous policy, how is this different?

3.3 Under the previous legislation, where a participant of a funded employment scheme saw their Universal Credit award reduced to zero while on a scheme, they would exceed the "automatic reclaim period" before completing six months of a scheme. This would mean that if their income dropped at the end of a scheme that lasted 6 months or longer, i.e. because they did not continue in employment, their Universal Credit claim would not automatically go back into payment. Instead, individuals would need to make a new claim to Universal Credit if they continued to need financial assistance.

3.4 This requirement to submit a new claim can lead to some individuals facing financial hardship if they did not submit a new claim to Universal Credit on the day their employment ended, due to the standard five week wait between submitting a claim and receiving the first payment. The closing of the previous Universal Credit claim and need to submit a new claim also impacts the department's ability to deliver a joined-up customer journey for those returning to the Department. If individuals are required to submit a new Universal Credit claim after finishing a scheme, there will be a delay in them receiving the department's employment support while their new claim is processed. The delay, as well as the impact on the level of join up in the journey, could result in people moving back away from the labour market following the end of their time on a scheme.

3.5 These Regulations will instead mean that individuals who are referred on to a relevant funded employment scheme by the department, and who complete a scheme will not need to submit a new claim to Universal Credit. Instead, their Universal Credit claim will automatically go back into payment if their income drops following the end of their time on the funded employment scheme. This will enable the department to continue to support them into employment, and to quickly start building on the individuals experience and skills gained on a scheme to help them secure further employment.

4. Legislative and Legal Context

How has the law changed?

4.1 This Statutory Rule amends The Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and

Payments) Regulations (Northern Ireland) 2016[4] to provide for the automatic reclaim of Universal Credit for claimants taking part in a funded employment scheme.

4.2 Regulation 31A of The Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) Regulations (Northern Ireland) 2016 is amended by inserting new paragraphs (3) and (4). The new provisions extend the period for which an individual on Universal Credit will be automatically treated as "reclaiming" Universal Credit for those on a funded employment scheme delivered under Section 1(1) of the Employment and Training Act (Northern Ireland) 1950[5] who are referred onto said scheme by the department, for an additional month beyond their time on a scheme.

4.3 This will mean that an individual's Universal Credit claim will automatically go back into payment if, on completion of a scheme, their income drops to a level where they become entitled to Universal Credit, i.e. because they do not continue in employment. This will future proof legislation if a relevant funded employment scheme is introduced in Northern Ireland.

Why was this approach taken to change the law?

4.4 The Regulations were introduced in Great Britain by DWP to coincide with the Jobs Guarantee scheme. The proposed changes have been drafted to cover any relevant funded employment schemes, instead of being restricted to those on the Jobs Guarantee scheme. While Northern Ireland does not currently have any equivalent funded employment schemes, this change will cover any future schemes which may be introduced.

4.5 The decision for the regulations to apply to participants of relevant funded employment schemes was taken to future proof the legislation and reduce the risk that further legislation would be required if a new funded employment scheme is introduced in the future, in addition to maintaining parity with Great Britain.

4.6 The Regulations are also restricted to individuals referred to a funded employment scheme by the department, as this will ensure that the department can identify those covered by the regulations and apply the longer automatic reclaim period to their Universal Credit claim.

5. Consultation

Summary of consultation outcome and methodology

5.1 The Department has not undertaken a public consultation on this Rule as there is no statutory requirement to do so.

6. Impact Assessment

6.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the department has conducted a screening exercise on proposals for this Rule and concluded that it does not have significant implications for equality of opportunity or good relations. In light of this, the department considered that an equality impact assessment is not necessary.

[4] https://www.legislation.gov.uk/nisr/2016/220
[5] https://www.legislation.gov.uk/apni/1950/29

7. Regulatory Impact

The rule does not require a Regulatory Impact Assessment as it does not impose any cost on business, charities, social enterprises or voluntary bodies.

8. Financial Implications

8.1 The Rule removes the need for making a new claim. It will not incur additional costs from claimants. IT implementation is being undertaken by the Department for Work and Pensions.

9. Section 24 of the Northern Ireland Act 1998

9.1 The Department is satisfied that this Rule complies with section 24 of the Northern Ireland Act 1998[6] (conventions rights, etc.).

10. EU Implications

10.1 Not applicable.

11. Parity or Replicatory Measure

11.1 The corresponding Great Britain Instrument is the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Amendment No. 2) Regulations 2026[7] which came into force on 22 September 2026.

11.2 While there is a long-standing policy of parity in social security, the Rule will come into operation on a later date than the corresponding Great Britain Instrument. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998, however, in this case, Northern Ireland does not administer an equivalent scheme meaning not maintaining parity of timing will not cause detriment to Universal Credit claimants.

12. Additional Information

12.1 Not applicable.

[6] https://www.legislation.gov.uk/ukpga/1998/47
[7] https://www.legislation.gov.uk/uksi/2026/946