EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT, PERSONAL INDEPENDENCE PAYMENT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE (CLAIMS AND PAYMENTS) (AMENDMENT) REGULATIONS 2026

2026 No. 322

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 His Majesty.

1.2 This Memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Sir Stephen Timms, Minister for Social Security and Disability at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard

2.2 Hannah Birtwistle-Gordon, Deputy Director for Universal Credit Policy Division at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Zaidah Chisty at the Department for Work and Pensions email: Zaidah.Chisty1@dwp.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 In Universal Credit there is a regulated priority order (referred to in the regulations as, "priority between certain debts") which determines the order in which certain third-party debts and certain benefit debts are taken from a claimant's Universal Credit award.

4.2 From 30 April 2025, temporary changes were made to the child support maintenance deduction by *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025* Statutory Instrument (2025 No.387)[1]. This Instrument will make those changes permanent.

4.3 This means the instrument will result in the child support maintenance deduction being the first named provision in the regulated priority order permanently and ensure that the child support maintenance deduction will have priority over all other deductions listed in the regulated priority order.

4.4 This instrument also takes the opportunity to omit some obsolete paragraphs in Schedule 6 to *The Universal Credit, Personal Independence Payment, Jobseeker's*

[1] https://www.legislation.gov.uk/uksi/2025/387/introduction/made

Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 [2].

Where does the legislation extend to, and apply?

4.5 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales and Scotland.

4.6 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales and Scotland.

5. Policy Context

What is being done and why?

5.1 The Chancellor announced, in the Autumn Budget 2024[3], to reduce the level of debt repayments that can be taken from a household's Universal Credit payment each month by reducing the overall deductions cap from 25% to 15% of a claimant's Universal Credit standard allowance. This measure is known as the "Fair Repayment Rate" and was introduced from 30 April 2025.

5.2 The "Fair Repayment Rate" enabled approximately 1.2 million Universal Credit households with deductions to retain more of their award, on average by £420 a year, to meet their day-to-day needs.

5.3 Departmental analysis[4] showed that if the Fair Repayment Rate was implemented on the 30 April 2025 without moving the child support maintenance deduction higher up the regulated priority order, there would be a reduction in the number of child support maintenance deductions made per month (see paragraph 5.18).

5.4 Departmental analysts estimated that by moving the child support maintenance deduction higher up the regulated priority order, coupled with allowing the Fair Repayment Rate to be exceeded where required (see paragraph 5.14), would result in an additional estimated 10,000 child support maintenance deductions being made each month. This would increase the total number of child support maintenance deductions from around 50,000 to approximately 60,000 per month.

5.5 In the light of the departmental analysis, as set out in paragraph 5.4, a commitment was made to move the child support maintenance deduction higher up the regulated priority order. This commitment was published, on 11 November 2024, in a paper titled, *"Estimated number and type of GB families and individuals in families benefitting from the uprating of benefits in financial year 2025 to 2026 and the Fair Repayment Rate"*[5].

5.6 The commitment, as set out in paragraph 5.5 above, was achieved by virtue of *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification)*

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[2] https://www.legislation.gov.uk/uksi/2013/380/schedule/6

[3] https://www.gov.uk/government/speeches/autumn-budget-2024-speech

[4] https://www.gov.uk/government/publications/the-universal-credit-personal-independence-payment-jobseekers-allowance-and-employment-and-support-allowance-claims-and-payments-modification-r/the-universal-credit-personal-independence-payment-jobseekers-allowance-and-employment-and-support-allowance-claims-and-paymentsmodification-re

[5] https://www.gov.uk/government/statistics/benefit-uprating-estimated-number-and-type-of-families-and-individuals-in-families-benefitting-from-the-uprating-of-benefits-in-2025-to-2026/estimated-number-and-type-of-gb-families-and-individuals-in-families-benefitting-from-the-uprating-of-benefits-in-2025-to-2026-and-the-fair-repayment#impact-of-fair-repayment-rate

Regulations 2025 (Statutory Instrument (2025 No. 387) and came into force on the same date the "Fair Repayment Rate" was implemented, namely, 30 April 2025.

5.7 However, the Statutory Instrument (2025 No.387) included a *'sunset clause'*. This means, *(i)* the moving of the child support maintenance deduction higher up the regulated priority order will cease to have effect at midnight on the 30 April 2026, *(ii)* the policy objective will stop being met, and *(iii)* the commitment (see paragraph 5.5) will also cease being met.

5.8 The reason for inserting the *'sunset clause'* was to enable the department to gather further evidence about the impacts of the change, primarily on Universal Credit households with a child support maintenance deduction, to determine what the future permanent policy should be.

5.9 Internal analysis (not published) has helped to determine what the permanent policy should be prior to SI 2025 No. 387 ceasing to have effect at midnight on the 30 April 2026.

5.10 The analysis has shown that the estimate, set out in paragraph 5.4 has been met, therefore the primary policy objective, namely, ensuring that the number of child support maintenance deductions does not decrease has also been met. In the light of this, departmental Ministers have determined that the child support maintenance deduction should be the first named provision in the regulated priority order, from 30 April 2026, on a permanent basis.

5.11 If the child support maintenance deduction is not maintained as the first named provision in the regulated priority order, on a permanent basis, from 30 April 2026, there would be a reduction in the number of child support maintenance deductions made per month (see 5.18). This is because the child support maintenance deduction would revert to its pre-30 April 2025 position in the regulated priority order when Statutory Instrument (2025 No. 387) expires at midnight on the 30 April 2026.

5.12 The number of child support maintenance deductions, based on estimates set out in table 5 of Annex A, of the Unnumbered Act policy paper, published on 27 March 2025[6], would result in an estimated 28,000 child support maintenance deductions being made per month instead of an estimated 60,000 per month.

5.13 Departmental analysis showed that having the child support maintenance deduction as the first named provision in the regulated priority order, would not, in itself, fully protect the current number of child support maintenance deductions being made per month. This is because deductions such as fraud penalties, conditionality sanctions and repayment of Universal Credit Advances, are taken before the regulated priority order is applied. Therefore, for some Universal Credit households, the Fair Repayment Rate of 15% will have already been reached prior to making the child support maintenance deduction that needs to be made.

5.14 In the light of paragraph 5.12 and 5.13, the department has deemed it necessary to institute the following policy, to allow the child support maintenance deduction to be made, even if this would result in the Fair Repayment Rate of 15% being exceeded.

[6] https://www.gov.uk/government/publications/the-universal-credit-personal-independence-payment-jobseekers-allowance-and-employment-and-support-allowance-claims-and-payments-modification-r/the-universal-credit-personal-independence-payment-jobseekers-allowance-and-employment-and-support-allowance-claims-and-paymentsmodification-re#annex-a-new-equality-analysis-in-response-to-recommendation-1-of-the-social-security-advisory-committees-report-dated-21-february-2025

This approach will ensure that, at least, the current number of child support maintenance deductions made per month is fully maintained.

5.15 A legislative change is not required to give the Secretary of State the power to exceed the Fair Repayment Rate when a child support maintenance deduction results in the Fair Repayment Rate being exceeded. The reason for this is in cases where a child support maintenance deduction results in the Fair Repayment Rate being exceeded, the regulated "maximum amount" of up to 40% of a claimant's Universal Credit standard allowance will not be exceeded with the child support maintenance deduction as the first named provision in the regulated priority order.

5.16 The amount to be deducted, per month, from a Universal Credit award, in respect of child support maintenance, is a flat rate of £36.40. This amount, expressed in percentage terms, based on 2026/27 Universal Credit standard allowances, ranges from 5.45% (for a single person under 25 years) to 10.75% (a couple, joint claimants, where one or both are 25 years old and over) of a household's Universal Credit standard allowance. Therefore, in a case where the highest possible percentage rate of 10.75% is applied to a claimant, whose other deductions already total 15%, their effective deduction rate will be 25.75% of their Universal Credit standard allowance.

5.17 The regulated "maximum amount", of up to 40% of a claimant's Universal Credit standard allowance, as set out in paragraph 4(1) of Schedule 6 of *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013*, is in relation to the total "maximum amount" for deductions that can be taken from a claimant's Universal Credit award. The regulated "maximum amount" of up to 40% cannot be exceeded apart from exceptions such as a deduction in respect of rent arrears, all the exceptions are set out in paragraph 4(4) of Schedule 6 of *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013*.

5.18 Allowing the child support maintenance to revert to its pre-30 April 2025 position in the regulated priority order, namely, the eighth named provision, from 1 May 2026, is expected to result in an estimated 28,000 child support maintenance deductions being made per month; this would result in an approximate reduction of 32,000 child support maintenance deductions being made per month, based on analysis published in the Unnumbered Act policy paper, dated 27 March 2025 (see paragraph 5.12)

5.19 Claimants with a child support maintenance liability, are notified by the Child Maintenance Service (CMS), by letter, that CMS will seek to collect the claimant's child support maintenance payments by a deduction from their benefit.

5.20 CMS send a form to Universal Credit to request that a deduction, in respect of child support maintenance, is applied to a claimant's Universal Credit award.

5.21 Once a child support maintenance deduction has been applied to a claimant's Universal Credit award, the claimant is notified of this via their Universal Credit online account. Furthermore, the claimant is also informed to talk to Child Maintenance Service if they want to query this deduction.

5.22 If a Universal Credit claimant disagrees with the decision to apply a child support maintenance deduction to their award, they can ask for the decision to be looked at again, this is called a "mandatory reconsideration" (MR)[7]. This can be done by contacting the benefit office that gave the decision, via their Universal Credit online

[7] https://www.gov.uk/mandatory-reconsideration/how-to-ask-for-mandatory-reconsideration

account, or by phone, or by letter or by filling in and returning the MR form that is provided online. If a Universal Credit claimant disagrees with the outcome of the MR, the Universal Credit claimant has the right to appeal the decision via His Majesty's Courts and Tribunals Service[8].

5.23 The Department encourages anyone struggling to repay debts via their Universal Credit benefit award to contact Universal Credit via their Universal Credit online account or by calling the Universal Credit helpline[9] at the earliest opportunity.

5.24 The rationale for the current order, by which deductions are taken in accordance with the regulated priority order, reflects the potential consequences that might occur if a debt is not addressed. For example, failing to address rent arrears could ultimately result in the landlord taking steps to evict a claimant.

5.25 Whilst a claimant not addressing their child support maintenance obligation by a deduction made from their Universal Credit award might not have such a severe consequence upon the claimant, there is a legal obligation for them to pay their child support maintenance for their child and/or children.

5.26 The Government believes that all parents have an obligation to support their children and recognises the overall impact child support maintenance has in moving children out of poverty. Therefore, in support of this, the Government has decided that the child support maintenance deduction should be maintained as the first named provision in the regulated priority order, on a permanent basis, from 30 April 2026.

What was the previous policy, how is this different?

5.27 The new policy, from 30 April 2026, as set out above in this Explanatory Memorandum, will remain the same as the current policy (see SI 2025 No.387 (paragraph 5.6) and paragraph 5.14 of this document), which has been in force since 30 April 2025.

5.28 *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025,* that support the previous policy in relation to the position of the child support maintenance deduction in the regulated priority order and allowing said deduction to take precedence over all the other deductions in the regulated priority order had a *'sunset clause'*. This meant that the previous policy would cease to have effect at midnight on the 30 April 2026.

5.29 Based on the evidence gathered and the analysis of it (see paragraph 5.10) Ministers have decided that they want the current policy to continue beyond the end of 30 April 2026, on a permanent basis, to ensure the policy objective continues to be met.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument will insert the provisions of Schedule 7 to *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013,* at sub-paragraph 5(2)(za) ahead of sub-paragraph 5(2)(a) of Schedule 6 to these regulations, so that Schedule 7 is the first named provision in the regulated priority order.

[8] https://www.gov.uk/mandatory-reconsideration/if-you-disagree-with-the-outcome
[9] https://www.gov.uk/universal-credit/contact-universal-credit

6.2 This instrument will amend sub-paragraph 5(4) of Schedule 6 to *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013* by substituting "housing costs" with "deductions under Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these Regulations".

6.3 This instrument will omit paragraphs 3(2)(e), and 5(2)(g) of Schedule 6 to *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013,* because this provision set out at these paragraphs was omitted by virtue of regulation 7 of Part 2 of *The Child Support (Miscellaneous Amendments) Regulations 2019*[10]

6.4 This instrument will omit paragraph 5(2)(h) of Schedule 6 to *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013,* because the provision set out that this paragraph is being moved to paragraph 5(2)(za) because of this amendment.

Why was this approach taken to change the law?

6.5 The amendment is the only possible approach, beyond the end of 30 April 2026, to maintain the Government's commitment to have the child support maintenance deduction higher up the regulated priority order and to ensure that, at least, the current number of child support maintenance deductions being made per month is maintained.

7. Consultation

Summary of consultation outcome and methodology

7.1 The department presented the proposed amendment to the Social Security Advisory Committee (SSAC) on 21 January 2026, under the powers conferred by Section 172(1) of the Social Security Administration Act 1992.

7.2 SSAC was content with the approach the Department has taken with regards to gathering evidence and thanked the Department for its full and constructive engagement in advance of and during the Committee's scrutiny of the regulations. Minutes of the meeting will be published on SSACs website[11] in due course.

7.3 On 27 January 2026 SSAC informed the Department that the committee decided to not take these Regulations on formal reference and concluded that the Department may proceed as planned.

7.4 Alongside the Committee agreeing for the Department to proceed as planned with the amendment, they have also provided the following recommendations:

- Recommendation 1 - Continues to monitor the impacts of the policy, including any differential effects on lone parents and the children in their care.
- Recommendation 2- Retains flexibility in applying mitigations where individual circumstances may justify adjustments
- Recommendation 3 - Keeps under review how the policy aligns with the Government's wider child-poverty objectives and Article 14 considerations.
- Recommendation 4- Ensures clear signposting through the Child Maintenance Service to debt advice and other appropriate support services, with provision of

[10] https://www.legislation.gov.uk/uksi/2019/1084/regulation/7/made
[11] https://www.gov.uk/government/collections/social-security-advisory-committee-minutes-of-meetings

clear guidance on the treatment of child maintenance within debt-advice assessments.

7.5 The Department have **accepted recommendation 1** and will share further analysis with the SSAC. The Department have **accepted in part recommendation 2**, Universal Credit policy includes a range of flexibilities to help claimants who might face financial hardship due to the rate or speed of recovery of certain types of debt such as: Advances, Benefit Overpayments, Social Fund Loans and Rent arrears. However, the amount of child support maintenance to be deducted from a Universal Credit award is a flat rate and the amount is set out in Schedule 1, paragraph 4 of the Child Support Act 1991[12]. This means that the amount is non-negotiable. The Department have **accepted recommendation 3**, we will continue to keep under review how the policy aligns with the Government's wider child poverty objectives. This will be done through our normal monitoring channels, for example internal management information (MI) monitoring the receipt of child maintenance payments from Universal Credit paying parents and the monitoring of customer contact. The Department have **accepted recommendation 4**, the Child Maintenance Service (CMS) will provide comprehensive support to customers experiencing financial hardship, while also reinforcing that the child maintenance payment is recognised as a priority financial obligation. CMS staff will continue to engage with customers by proactively signposting individuals to appropriate national and local independent debt advice organisations, enabling them to access support tailored to their personal circumstances.

7.6 The Government is committed to maintaining the Fair Repayment Rate therefore to have carried out a formal consultation on the Fair Repayment Rate during 2025/26 would have been inappropriate. This meant that the Department only considered whether it was appropriate to carry out a formal consultation in relation to those Universal Credit households with a child support maintenance deduction who were negatively affected by moving the child support maintenance deduction higher up the regulated priority order and the policy decision (see paragraph 5.14).

7.7 The Department decided that a formal consultation or collecting qualitative data through interviews with affected households was not appropriate because the number of affected Universal Credit households with higher deductions was very small, estimated to be less than 0.1% of the Universal Credit household caseload. The SSAC Chair accepted this in the letter that was sent to the Department in January 2026 stating: "following careful consideration of the proposals, and the supporting evidence presented to us, the Committee has decided that it does not intend to take these regulations on formal reference and they may proceed as planned".

8. Applicable Guidance

8.1 The Department's internal guidance will be updated to reflect the permanent legislative and policy change and will be available for staff to use from 30 April 2026. Any claimant and/or stakeholder queries that arise before 30 April 2026 will be handled by the department on a case-by-case basis.

8.2 Chapter D3 of the "Advice for Decision Makers"[13] (ADM) provides guidance on child support maintenance deductions, and Chapter D2042 and D2043 of the "ADM"

[12] https://www.legislation.gov.uk/ukpga/1991/48/schedules/2005-12-05?wrap=true&view=plain
[13] https://assets.publishing.service.gov.uk/media/681ca94b3f1c73824ee3e5d4/adm-chapter-d3-deductions-from-benefit.pdf

chapter 14 provides guidance on the regulated priority order ("priority between certain debts"). This will be updated on 30 April 2026.

8.3 The Department has concluded that the business-as-usual approach to communicating with claimants about a child support maintenance deduction from their Universal Credit award, namely, via a message on the claimants Universal Credit online account, is the sensible approach to adopt. The reason for this is because it will not affect all Universal Credit claimants with a child support maintenance liability. Most claimants with a child support maintenance liability will experience no change and will continue to pay their child support maintenance via a deduction from their Universal Credit award.

8.4 A blanket communication campaign would not be appropriate because this could cause confusion and in turn drive unnecessary inbound calls to the Department, from claimants who are not affected by the change.

8.5 In the light of paragraph 8.4, the Department has concluded that the most appropriate and effective way to communicate this amendment from 30 April 2026, is through external stakeholders, by using the following communication platforms:

- Touchbase, the regular newsletter from DWP that is sent to external stakeholders.
- Partnership News, a publication that goes to all DWP's Partnership Managers.
- Operational Stakeholder Engagement Forum (OSEF), ensuring an article is published in the Operational Update that is sent to members.
- Speaking with relevant key stakeholders, such as Citizens Advice and Gingerbread.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because child support maintenance is a liability that should be legally paid by the non-resident parent.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on business, charities or voluntary bodies because the policy maintains existing standards and has no new impacts.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because no additional Universal Credit payments will be generated. There is no impact on Annually Managed Expenditure because the modifications do not affect the amount of Universal Credit awarded to a claimant prior to deductions being made, and there is no impact on Departmental Expenditure Limit because the modifications will be made within the envelope of current Departmental expenditure.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is to review the impact of the change by examining internal analysis and working with internal and external stakeholders from 29 April 2026.

10.2 The instrument does not include a statutory review clause.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument makes the child support maintenance deduction the first named provision in the regulated deductions priority order, on a permanent basis, from 30 April 2026 thereby maintaining the commitment to have the child support maintenance deduction higher up the regulated priority order (see paragraph 5.2).

11.2 The Department has consulted with the Statutory Instrument Registrar as to whether to provide free replacement copies and the Department has taken the decision to apply the procedures for free issues to all known recipients of this amendment, *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Amendment) Regulations 2026.*

12. European Convention on Human Rights

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

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").