

To: **Secretary of State**  
**Minister for Welfare Delivery**  
**Minister for Employment**



Department  
for Work &  
Pensions

From: 

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 UC Policy  
Clearance: 

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 UC Policy  
Date: 11 March 2021

## THE UNIVERSAL CREDIT (EXTENSION OF CORONAVIRUS MEASURES) REGULATIONS 2021

### Summary

1. This submission seeks your approval to make and lay the Regulations that temporarily modify the Universal Credit (UC) Standard Allowance rates for six months and extend the COVID easement for the UC self-employed to ensure that the Minimum Income Floor (MIF) is not applied for an additional three months.
2. The aim of the Regulations is to continue financial support to individuals who have faced the most financial disruption as a result of the Covid-19 pandemic and to ensure that UC self-employed claimants are not penalised for following Government advice on social-distancing.

### Timing

3. Urgent - A response is required by 15 March in order to lay regulations on 16 March 2021.

### Recommendation

4. You are asked to review the attached Equality Analysis (Annex A), Explanatory Memorandum (Annex B) and draft of the regulations (Annex C). Please do not sign the draft SI which remains subject to final legal checks and technical amendments. A Secondary Legislation Scrutiny Committee checklist (Annex D) demonstrates that we have taken all the necessary steps for the Statutory Instrument process.
5. Having considered the Equality Analysis for these regulations, subject to Parliamentary Business and Legislation Committee approval, we recommend that you approve the laying of the attached Regulations, along with the accompanying Explanatory Memorandum, on Tuesday 16 March 2021.

## Key Information

6. The Universal Credit (Extension of Coronavirus Measures) Regulations 2021 will have the following effects:
  - a. Regulation 2 extends for 6 months the additional £20 per week uplift that is applied to all new and existing UC claims for assessment periods that end on or after 6th April 2021 and before 6th October 2021. Eligible claimants who migrate across to UC from legacy benefits will not have their transitional protection adversely affected by this increase. This provision will also apply to claimants who have naturally migrated to UC and are receiving transitional protection as a result of being a former Severe Disability Premium recipient.
  - b. Regulation 3 extends the current COVID easement for UC self-employed claimants, effectively the suspension of the Minimum Income Floor (MIF), for self-employed UC claimants by a further three months until 31 July 2021.
7. An Equality Analysis has been produced for both these measures. These draw together the Departments' consideration of the impacts of these measures for your final approval. It concluded that no benefit recipient with a protected characteristic will be adversely affected by any of the proposed legislative changes because there are no adverse or disproportionate negative impacts; all of the changes are positive.
8. Insofar as some groups with protected characteristics may benefit to a lesser extent from these changes than other groups, the Department considers any differential impact to be justified due to the aims of the measures and their importance. These aims are supporting individuals who have faced the most financial disruption due to the pandemic and preventing self-employed claimants suffering financial loss as a result of co-operating with Government in its efforts to contain the Covid-19 virus.
9. The £20 per week uplift is being extended for an additional 6 months to give economic reassurance and financial support to those likely to experience the most financial disruption due to the pandemic. This cohort includes a significant number of people making entirely new benefit claims due to a loss of, or significant reduction in their income due to Covid-19 restrictions.
10. The current provision extends the existing support and prevents a drop in income since the pandemic, and its effects, continue and it is not considered an appropriate time to withdraw that support.

11. It is possible that some WTC claimants may be able to benefit from both the one-off payment of £500 available for WTC claimants, which is to be disregarded for capital purposes in DWP benefits, and then migrate across to UC to also receive the £20 uplift. This is unavoidable due to the operational constraints of the WTC system to implement a £20 per week uplift in WTC for 6 months.
12. When considering policy options on the future of the uplift, you will recall that children's interests were a primary consideration for DWP. Ministers considered including uplifting both the UC Standard Allowance and the child element amount in various combinations as potential options. However, it was concluded that a blanket £20 uplift would be most effective for claimants, rather than targeted support attached to the child element, which could have been impacted by the maximum of two child elements payable. Although children in some households may not benefit directly from the uplift, no family will have a reduction in benefits and it is in the longer term and wider interests of such claimants (including their children) to stabilise the economy as quickly as possible and manage Government resources most effectively, which these regulations and the other Government support during the pandemic aim to do.
13. You may recall that an extension of the uplift to legacy benefits could have been included as part of the Secretary of State's annual uprating review in 2020, however the intention remained to provide additional support to those facing the most financial disruption. In addition, it was not known then whether the uplift would be continued, how long the Covid-19 restrictions were due to last and the progress on the vaccination programme.
14. By the time these facts were known and a decision on the future of the uplift was taken, it would not have been possible operationally to include new legacy rates into the benefit system by April 2021. In any event, the uplift is not for a full financial year and so, if they had been included as part of uprating, it would not have been accurately reflected. Solutions such as a one-off payment were investigated last year given the criticisms raised but the resources required and risks to the system were, and still are, considered to be disproportionate, particularly as the pandemic continues to impact DWP. In any event extension of the uplift to legacy benefits would be an extension of the policy intent.
15. Legacy claimants would not now be facing a drop in the benefits they receive as they were never in receipt of the £20 uplift.
16. All existing Legacy benefit claimants in Great Britain are able to make a new Universal Credit claim at any time to benefit from this increase. The Severe Disability Premium (SDP) gateway which prevented claimants who received SDP from making a new Universal Credit claim was removed on 27 January 2021.
17. UC claimants who are subject to the benefit cap will also not see this increase to their UC award. These claimants are already in receipt of a level of welfare

support that Parliament has determined to be the maximum. There was consideration given to reviewing the levels of the cap as part of the response to the pandemic, and the Secretary of State did not feel this was the right time given the economic uncertainty and fluctuating situation.

18. Whilst both of these cohort groups are not benefiting from the £20 uplift, they have potentially been able to make use of other easements that were introduced, and/or wider Government support that has been introduced during the pandemic, such as the Covid Winter Grant Scheme or DEFRA funding. Other sources of funding appear to be better suited to targeting support to those groups where it is not anticipated that a large proportion will have experienced the same economic shock such as a loss or reduction in income.
19. Secretary of State has asked for further advice on the treatment of the self-employed in UC but that does not affect the laying of these regulations.

### **Social Security Advisory Committee**

20. As required we are consulting with the Social Security Advisory Committee on the draft regulations and are seeking agreement from the Committee not to take them on formal reference. Should this agreement not be forthcoming in time to lay the regulations, the draft Statutory Instrument will be amended and we will lay them under the urgency provisions and continue engagement with SSAC afterwards.

### **Northern Ireland**

21. Social security is devolved to Northern Ireland. However, they generally maintain parity with the GB system. As a result, Northern Ireland will introduce their own regulations to maintain parity with GB.

### **Financial Implications**

22. HMT have provided the funding for these measures in the Spring Budget 2021.

### **Handling Considerations**

23. We worked closely with HMT on the briefing for both of these measures that were announced by the Chancellor at the Spring Budget 2021 announcement on 3 March.
24. Parliament have had the opportunity to review and raise any objections to these measures. These measures were announced at the Budget on 3 March 2021 and debated at Oral PQs on 8 March 2021. There may be calls from some Parliamentarians for this uplift to be made permanent. However, the Parliamentary risk is low as it is extremely unlikely that any member will vote against this measure as this would prevent UC claimants from receiving this uplift and a continuation of the MIF easement.

**Service Delivery Implications (including Fraud, Error & Debt)**

25. These measures are a continuation of existing policies, therefore there are minimal service delivery implications for this extension. The current UC Standard Allowance rates are being continued, so UC Programme do not need to add new rates into the system.
26. Work is already underway to include the updated Standard Allowance rates from 12 April 2021.
27. The UC Programme will need to do work to remove the £20 uplift when it expires. This is 6 weeks of work before it is scheduled to be reduced. The Programme will plan this into their work for 2021.

**Legal Considerations**

**LPP**

**LPP**

**LPP**

**Public Sector Equality Duty**

31. A separate Equality Analysis is attached at Annex A.

**Devolution Implications**

32. We are working with the Department for Communities in Northern Ireland to take forward parallel legislation in order to maintain parity.

## **Annexes**

**Annex A** – Equality Analysis

**Annex B** – Explanatory Memorandum

**Annex C** – The Universal Credit (Extension of Coronavirus Measures) Regulations 2021. This is a draft SI only; **please do not sign it at this stage.**

**Annex D** - Secondary Legislation Scrutiny Committee checklist.

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