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Team: WSR

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HM Treasury

Submission: Final decision advice on a short-term extension of the £20 uplift in Universal Credit and a one-off payment to Working Tax Credit claimants

Issue

This advice seeks confirmation that your preferred option upon the expiry of the temporary £20 per week uplift to Universal Credit (UC) and Working Tax Credit (WTC) is for a short-term extension of the uplift in UC for 6 months, alongside a one-off payment of a similar amount to WTC claimants. This advice also sets out the steps that need to be taken to deliver this, including decisions that need to be taken now to ensure this can be delivered to the desired timeframe. We will provide further advice in due course on further detailed design choices which are still being worked through with HMRC.

Annexes:

Annex A: Legal advice

Annex B: Equalities analysis

Timing: Urgent

Background

1. In March 2020, you announced a temporary uplift of £20 per week to the UC standard allowance and the WTC basic element for 20-21. This is due to expire at the end of this financial year, although the precise date the uplift stops being paid to each claimant will depend on which day of the month they are paid.
2. You have discussed with the PM and DWP SoS your preferred option of a short-term extension of the £20 uplift in UC and a one-off payment of a similar amount to WTC claimants delivered by HMRC.

3. The total cost of a 6-month extension of the UC uplift and a one-off payment of £500 to WTC claimants is estimated at [£3.5bn] in 2021-22. We have commissioned full costings from DWP and HMRC, which will be scored at Spring Budget.
4. If this option is agreed, DWP will deliver the extension of the uplift in UC through the existing UC system. HMRC are not able to make a short-term extension of the uplift in WTC, as WTC is an annual benefit and the IT system will automatically spread any uplift over 12 monthly payments of the same amount, and so will make a one-off payment to eligible tax credits claimants through a new standalone scheme. This means that there are a number of policy design choices that need to be made to progress delivery.
5. This advice also sets out the key steps and decisions for how HMRC would deliver the one-off payment.

Temporary extension of £20 uplift in Universal Credit

Rationale

6. The primary objective would be to continue to provide extra support to low income workers whose incomes depend substantially on their earnings and who may have experienced unexpected falls in earnings or become unemployed as a result of Covid. UC is the only means-tested benefit open to new claims from those who become unemployed, and legacy benefits claimants who experience a change in circumstance can make a new application to UC.
7. Extending this support to cover the six months from April to the end of September, would cover the period whilst the Covid-19 vaccine is more widely rolled out and the NPIs can begin to be lifted. [It is the government's current planning assumption that it will have been able to lift the majority of NPIs during this period.] [A six month extension would also provide certainty to those households in receipt for a similar timeframe to the options you are considering regarding other schemes that support individuals (e.g. CJRS, SEISS) and would broadly align with plans for the winding down of other Covid economic support.] **Therefore, we recommend that support is extended for six months from the beginning of 21-22. Do you agree?**
8. In addition to the objective of targeting low income workers who rely on their earnings for a substantial proportion of their wages, delivery challenges mean that it would not be possible at this point to make a similar uplift to DWP legacy benefits. Legacy benefits are delivered through IT systems that have to be manually updated over several months, starting in November of the previous year, and it is not now possible to change those rates for 21-22. It would only have been possible to make an uplift to DWP legacy benefits if a decision had been taken to extend support beyond the end of 20-21 at the November 2020 uprating review. The Covid situation has worsened substantially since that point and that is why you are now considering extending support.

Timing

9. The extension of the £20 uplift in UC would follow on directly from the current uplift, so there would be no gap in UC claimants receiving the £20 uplift. It would last 6 months

meaning that no claimants will receive payments that include the £20 uplift after 5th October.

Legislation and legal risk

10. This 6-month extension of the uplift in UC would be implemented through DWP LPP of having to extend the £20 uplift to other working-age means-tested DWP legacy claimants, who number around 2m. This would cost c. £1bn, on top of the combined £3.5bn cost of both the 6-month extension and one-off payment.

Further extension

11. If the circumstances change and you wish subsequently to consider a further extension beyond that covered in this advice, DWP would be able to make a further extension to the uplift in UC with a 6-week lead time – meaning you would need to decide upon a further extension by August 19th to ensure that further extension followed on directly from this 6-month extension. A further 6-month extension at that point would cost c. £2.5bn. However, if you were minded to extend the uplift past the November uprating review, primary legislation would be needed to ensure it remained temporary.

One-off payment to tax credits claimants

Rationale

12. The primary objective of making this payment would be to continue to provide extra financial support in the short-term to tax credits recipients who are eligible for WTC (i.e. low-income working households who receive means-tested welfare support and whose incomes depend substantially on their earnings) and who may have seen a reduction in their wages as a result of Covid.
13. A one-off payment of £500 would ensure that WTC claimants will receive similar financial support to that received by UC claimants through a 6-month extension of the £20 pw uplift (although this will not be a payment of WTC and will not appear on customers' WTC records). It is not possible to make a six-month uplift to WTC as it is an annual benefit and the system would automatically spread any uplift over 12 months.

14. As above, this would provide support to households to cover the 6 months from April as the vaccine is more widely rolled out and the NPIs can begin to be lifted. As described in para 7 above, support to cover 6 months from April aligns with current planning assumptions regarding NPIs and with options you are considering for other Covid economic support.
15. A one-off payment to WTC claimants would ensure that claimants are able to benefit from the full extent of the support during the six months from April, whereas delivering this support through an uprating spread over 12 months would mean half of it would not be received until after the six months had passed. Delivering this support through six, monthly, one-off payments would substantially increase the operational burden on HMRC in terms of customer contact, as well as significantly impacting on HMRC's ability to deliver other key priorities, and so is not feasible.
16. **Therefore, we recommend that the amount of a one-off payment is set at £500, to cover a period of six months from April 6th. Do you agree?**
17. A one-off payment to these low-wage households would also provide a timely stimulus to aggregate demand given their relatively high marginal propensity to consume.
18. Legacy benefits:
 - a. "Legacy benefits" generally do not fall within scope of this policy objective. This one-off payment would be aimed at WTC claimants, i.e. those in receipt of low-wage-related welfare support who rely substantially on their wages and who may have seen an unexpected fall in their wages as a result of Covid (e.g. furlough, reduced hours etc). Within the social security system, specific support for those on low wages is provided primarily through UC and WTC, which is why additional support has been targeted at those two groups. Unlike WTC claimants, who must work at least 30 hours a week to be eligible (or at least 16 hours a week if disabled, over 60, or a lone parent), DWP means-tested legacy claimants receiving income-related Employment and Support Allowance, income-based Jobseeker's Allowance, or Income Support are only eligible if they work fewer than 16 hours a week. Although DWP are not able to say what proportion of these means-tested

legacy claimants do work, the proportion is likely to be low due to the way that awards are reduced according to earnings (on JSA, for example, more than 9 hours of work a week on the National Living Wage would result in a nil award). Similarly, claimants in receipt of Child Tax Credit who are not eligible for WTC are, by definition, either out of work or working insufficient hours to qualify for WTC.

- b. In addition, delivery challenges mean that it is not feasible to deliver a one-off payment to DWP legacy benefit claimants alongside other key priorities. DWP have told us that they have never tested their Emergency Payments system at this scale, and that they would need up to six months to assess whether they could do so. It would not be practicable for HMRC to deliver a one-off payment to DWP legacy benefit claimants. This is because making a payment to claimants where the data and customer relationship is held by another department would be prohibitively complex. HMRC would need to identify the appropriate legal gateway for sharing and satisfy GDPR requirements, and be able to transfer the data in a useable and consistent format, potentially from a range of systems. Customer handling would also be complex; one department would have a snapshot of payment status, and the other would hold the wider knowledge of the customer's history and access to the appropriate legacy systems. This would fragment and complicate each department's ability to handle customer queries. At a time when DWP and HMRC are already both facing the need to prioritise work due to resource constraints and ambitious COVID support agendas, such complexity would pose significant risk to delivery of BAU activity and policies as well as key Covid priorities.

Timing of payment

19. The current £20 uplift to WTC ends on 5th April 2021, meaning that WTC claimants will receive their first regular WTC payment without the £20 uplift in the month following that. The precise date will vary for each claimant, as not all WTC awards are paid on the same date each month.
20. HMRC will need to extract, cleanse and prepare the data ready for a one-off payment, utilising the same payment mechanism used for SEISS claims.

21. Because HMRC will use the same payment mechanism to deliver a one-off payment as that used for SEISS claimants, payments must be made during a suitable window before HMRC encounters significant outbound payment system pressure and inbound customer demand due to SEISS 4.
22. HMRC have identified the latter half of the **week commencing April 12th** as the earliest that payment could be made. The precise details of this would be as follows:
 - a. Payments would be staggered over two days. Due to BACS processing times, payment in the latter half of this week would mean claimants would receive payments during the w/c 19th April and (allowing for any small delays) by no later than 23rd April. This would mean that the longest a claimant would have to wait for a one-off payment after they receive their first regular WTC payment without the £20 uplift would be 17 days.
 - b. HMRC will seek to notify claimants in the w/c 5th April whether or not they are going to receive the one-off payment, in order to draw out as much customer contact as possible pre-payment and to minimise customer contact at the same time as SEISS contact in late April.
23. HMRC are continuing to assess the operational implications involved with any potential overlap in customer contact with the SEISS that could still result from making a payment to this timetable. HMRC plan to mitigate the risks associated with this as much as possible through the following strategy:
 - a. General messaging post-announcement to help claimants identify for themselves whether they will be receiving a payment.
 - b. Pre-payment notification: notify claimants in advance of whether or not they will be receiving a payment. This should reduce contact as well as draw out where there might be disagreement before payment is made. HMRC are still exploring whether this will be possible.
24. This will aim to limit post-payment contact, as much as possible, to dealing with practical payment issues. Nevertheless, even with this approach HMRC may still have to

reduce customer service performance in order to manage increased demand. We will provide further advice on this and other potential mitigations if they are warranted.

25. Alternatively, if payment and receipt by 23rd April is not desirable, the next suitable window – taking into account wider operational activity – would be payments being made in the week commencing 17th May. The details of this would be as follows:
- a. Payment would receive payments in the week commencing 24th May. This would mean that the longest a claimant would have to wait after receiving a monthly WTC payment from which the £20 uplift had been removed would be around 7.5 weeks.
 - b. HMRC would still seek to give customers early certainty on their eligibility status, in order to mitigate and smooth inbound contact. However, delivery in this week would mean a risk of increasing claimant contact in June for any unresolved or complex cases at the same time that the tax credits annual renewals process is taking place, which is HMRC's second largest operational peak in any given year. Furthermore, delaying payment beyond April is also likely to drive increased customer contact as claimants will contact HMRC to chase their payment.

Eligibility

26. In order to meet the policy rationale set out above, the starting point should be that all claimants eligible for WTC at a specified date and with a positive tax credits award in 20–21 are eligible for a one-off payment. These criteria are appropriate for WTC because tax credits are closed to new claims, with two small exceptions:
- a. Frontier workers (predominantly those who live and work on different sides of the Northern Ireland / Republic of Ireland border), from whom there have been only 27 new claims since January 2019; and
 - b. Child Tax Credit-only claimants who move into work and become eligible for WTC (c. 3–4,000 per month).
27. This one-off payment would not require a claim – it would be paid automatically to all WTC claimants that meet the eligibility criteria.

28. In order to reach the group so defined, whilst keeping design as simple as possible to protect HMRC from severe risks to their operational stability, **we recommend a one-off payment is made to those claimants assessed to have a positive award to tax credits for 20–21, who are eligible for Working Tax Credit and who have not flowed off tax credits (c. 1.4m households), as of the day before announcement of this measure – 2nd March. Do you agree?**

a. The 1.4m households include 0.4m households who are in positive award for tax credits as a whole and who have benefitted from the £20 uplift as a result of being eligible for WTC but are only receiving CTC because their WTC entitlement has been tapered to nil. Including these 0.4m households in eligibility for the one-off payment means that there is an **LPP** **LPP** who have had their WTC entitlement tapered to nil but do not receive CTC (this group number a further 0.4m households). **LPP** **LPP** **LPP** See Annex A for further detail on legal risks.

b. You could instead choose to exclude the 0.4m households who have benefitted from the £20 uplift through CTC by refining the eligibility criteria and the policy objective. **LPP**

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LPP It would also drive significant further customer contact as these are households will expect to receive the one-off payment to compensate for their loss of the £20 uplift.

c. Justification for different treatment of these two groups would be that those receiving CTC are still means-tested to receive CTC, whereas those with only a WTC nil award have not passed a means-test, and could be earning any amount of money – this group are therefore clearly less likely to be in scope of the stated policy rationale of providing extra financial support to low income working households.

d. We recommend that you do include claimants who have benefitted from the £20 uplift through their CTC award (who meet the work requirements of WTC) Do you agree?

e. The 1.4m households will also include an estimated 73,000 households who will later be found not to have been entitled to a positive award of WTC during 20–21. This is because, as described in para [31], the annualised nature of WTC means that HMRC do not assess claimants’ actual incomes until after the end of the financial year and some claimants will have had higher incomes than expected, to the extent that they will not in fact have been entitled to a positive award.

f. Additionally, the 1.4m households will include c. 25,000 claimants who will receive the one-off payment despite having moved from WTC to UC by the time payment is made, and thus will also benefit from the £20 uplift in UC. Furthermore, there will likely be around 45,000 claimants who move to UC after having received a one-off payment, and thus will also benefit from the £20 uplift.

29. The date at which eligibility is set should be before announcement to avoid creating incentives to fraudulently misreport earnings or delay reporting changes of circumstance. We have recommended a cut off date of 2nd March as it will provide the most up-to-date reflection of the eligible claimant population. However, you should note that an earlier cut-off date would mean more people would receive the one-off payment, but the difference is small, and most of those who flow off WTC move onto UC (and so will receive the extension of the £20 uplift).

Hard cases

30. Due to the annualised nature of Tax Credits, claimants’ entitlement during 2020–21 was estimated by HMRC at the beginning of the financial year, and barring any change in circumstance, has not been adjusted in-year. After the financial year has finished, HMRC will assess claimants’ actual income in 2020–21, and then judge whether any over- or under-payments have been made. Some claimants will thus retrospectively move into and out of being entitled to WTC payments during 2020–21. This finalisation

process is not usually completed until August (and as late as the following February for some self-employed claimants).

31. This means that making payment of a one-off payment as per para [26] will result in an estimated 23,000 households that will not receive a one-off payment but will later be found to have been entitled to WTC payments during 20-21. Making payment to these claimants would require an additional HMT direction as they are not covered by the eligibility criteria set out above, and you should note that drafting a further direction could mean HMRC having to deprioritise the drafting of other priority directions. **We recommend that HMRC explore a way to later make payments to these households, and set out the resourcing trade-offs this would entail, but that you do not announce any intention to make payment to these households before the finalisation process is complete, to avoid creating incentives for claimants to game their eligibility. Do you agree?** We judge that not announcing this initially will not create significant presentational challenge, since many claimants in this group will not themselves know immediately whether or not they should have been in a positive award on the cut-off date. Nevertheless, a robust line and handling plan on this should be ready at announcement.
32. An additional group of hard cases are CTC-only claimants who move into work and become eligible for WTC after March 2nd, on which eligibility for the one-off payment will be determined. This group is likely to number c. 3-4,000 households. However, this group will only receive the £20 uplift for (at most) one monthly payment before it expires. Moreover, including this group would not meet the policy objective as set out, as in order to become eligible for WTC they will have moved into work (or increased their working hours) and thus are unlikely to have seen an unexpected reduction in earnings as a result of Covid.
33. We will provide further advice on how HMRC will address fraud and error and what it would entail for them to seek to recover payments where necessary.

Tax, NICs, and benefit treatment of one-off payment

34. Because the one-off payment is a new coronavirus support payment and therefore taxable unless made exempt, you will need to take a decision on the status of the payments with regards to tax and benefits. The key considerations here are that:
- a. The £20 uplift for 20-21 in both UC and WTC, and the further 6-month extension of the £20 uplift in UC, will not be taxable (or taken into account for benefits), since WTC and UC income is disregarded.
 - b. Although CJRS and SEISS income is taxable, and taken into account for benefits, those schemes are intended directly as a replacement of earnings rather than welfare support.
 - c. Operationally, HMRC would not be able to deliver a one-off payment to WTC claimants in April if this was to be taxable and taken into account for benefits, because of the complexities that would be involved in collecting the tax on such payments and the burden this would place on the department alongside other priorities.
 - d. In order to make the payment non-taxable, we would need primary legislation in the Finance Bill to introduce a tax exemption. This would add some risk to the Finance Bill, inviting amendments concerning other exemptions (including from the DAs, whose payments the government has declined to exempt from tax - the Scottish Government's (SG) £500 payment for health and social care staff, the Welsh Government's (WG) £500 bonus to social care workers, the Northern Ireland Executive's (NIE) £500 health and social care bonus, the NIE company director scheme, a new NIE support scheme for students, the SG's self-isolation payments (although we are changing the NICs treatment of those), and the WG's self-isolation payments).
 - e. The one-off payment would not count as earnings for the purposes of Class 1 NICs, and making the payment tax exempt would remove any liability to Class 2 or Class 4 NICs.

35. **We therefore recommend that the one-off payment is disregarded for tax and NICs, and that you make the one-off payment to WTC claimants tax exempt through Finance Bill 2021. Do you agree?** We will return with further advice on the treatment of the one-

off payment for benefit income and capital rules, although our initial view is that they should be disregarded.

Legislation and legal risk

36. As you know, a one-off payment to WTC claimants could be delivered through tertiary legislation alone, using powers in s76 of the Coronavirus Act 2020. This allows HMRC to exercise any functions as directed by HMT in relation to coronavirus, provided the s76 scheme is sufficiently connected to coronavirus and the payments are not payments of WTC.

37. HMT and HMRC lawyers have provided detailed legal advice on the risks of challenge, likely grounds and possible remedies (Annex A). The key conclusions of this are:

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- ii.

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- iii.

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- b.

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- c.

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- i.

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- iii.

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Please see Annex A for further detail.

38. If a successful legal challenge meant that the one-off payment had to be extended to working-age DWP legacy claimants, this could cost an extra c. £1bn, on top of the c. £3.5bn cumulative cost of a £500 one-off payment to WTC claimants and a 6 month extension of the £20 uplift in UC. If the one-off payment had to be extended to Carer's Allowance and Pension Credit claimants, this would cost an extra c. £1.2bn. Extending the one-off payment to these groups would also come with reputational cost and the operational cost of having to make such payments - DWP have previously laid out the significant challenge this would pose, and that it would have a substantial impact on delivery of other policies. Challenges should come to the courts within three months of announcement, although courts can extend that. The timeframes for how long this could take to work through the courts is extremely wide, but it is unlikely any adverse decision would come down within 6 months of announcement.

39. These risks need to be weighed against the handling risks involved with passing new primary legislation to legislate for the one-off payments.

40. **Do you wish to take the one-off payment forward by directing HMRC through s76 of the Coronavirus Act?**

Accounting Officer position

41. The policy rationale and Accounting Officer tests will need to be evidenced and considered, as well as the spending classification of the one-off payments. We are working with HMRC on this and will return to you with future advice.

Further extension

42. If circumstances changed and you wished to provide further support, this would require an additional direction. However, before advising on deliverability HMRC would need to assess the impact on customer contact and other BAU or Covid priorities, depending on the exact timing and portfolio of activities in play. HMRC would likely require a lead time of 8-10 weeks to deliver a further one-off payment, meaning a decision would need to be taken by between 23rd July and 6th August to ensure delivery at the start of October.

Annex A: Legal Advice

S76 direction to HMRC

Vires/appropriateness

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Eligibility for the payments

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Secondary legislation

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Primary legislation

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Annex B: Equalities Impacts

63. Under the Public Sector Equality Duty, you must personally pay due regard to the need to a) eliminate discrimination, b) advance equality of opportunity and c) foster good relations between people with different protected characteristics. These are age, disability, race, sex, religion/belief, sexual orientation, pregnancy & maternity, gender reassignment and marriage & civil partnership. Paying due regard does not require equalities considerations to override other, countervailing considerations on policy design.
64. The policy under consideration here does not provide an opportunity to address a) or c).
65. The equalities analysis below is based on the best available data held by DWP and HMRC on the benefit claimant populations.
66. This is a positive measure that will benefit UC claimants and those tax credits claimants who receive the one-off payment. As with the £20 per week uplift made for 20-21, these measures do not directly benefit other means-tested legacy claimants (although as explained below, these claimants can make a new claim to Universal Credit if they chose). The analysis below therefore seeks to lay out how not extending similar additional support to legacy benefit claimants might impact disproportionately on people with different protected characteristics.

Table 1. Characteristics of benefit claimants as % of caseload

	UC (% as a proportion of those on UC benefiting from uplift)	WTC (inc. WTC & in-work CTC)	JSA	ESA	Income Support	CTC only (out-of-work)	Carer's Allowance	Pension Credit
Total Caseload (m)	4.6 (households)	1.4 (households)	0.3	1.9	0.3	0.5 (households)	0.9	1.5
Gender	as % of caseload							

Female	51.7*	89 (of single claimants)	42	50.2	80.7	94 (of single claimants)	72.7	64.6
Male	48.3*	11 (of single claimants)	58	49.8	19.3	6 (of single claimants)	27.3	35.4
Gender Reassignment	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
Disabled (as % of caseload)	47**	16 (households receiving disabled worker or child element)	N/A	81	0.6 (% receiving incapacity benefit only does not capture all disabled people on IS)	37 (households receiving disabled worker or child element)	Data not available	Data not available
Race	as % of caseload							
Ethnic Minority	20**	Data not available	12.6	7.6	Data not available	Data not available	Data not available	Data not available
Non-Ethnic Minority	80**	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
Religion or belief	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available
Sexual Orientation	as % of caseload							
Heterosexual	3**	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available	Data not available

			available	available					
Non-Heterosexual	97**	Data not available							
Marriage and civil partnership (as % of caseload)	Data not available								
Pregnancy and maternity (as % of caseload)	Data not available								
Age	as % of caseload								
16-24	16.8*	0.5	7.4	3.8	7.4	3	4.8	0	
25-49	62.9*	71	54.6	41	67.7	75	52.9	0	
50+	20.3*	28.5	38	55.2	4.9	22	42.3	100	

*Only preliminary data available, published stats used instead.

** Figures from DWP analysis based on survey data.

N.B. UC gender data from October 2020, all other UC data from August 2020. JSA, ESA and IS data from May 2020.

WTC and CTC data from Jan 2021, not be shared externally.

Ethnicity data for JSA and ESA only for groups who have confirmed their ethnicity with DWP. Large % of data still unknown.

Impact on protected characteristics

Protected Characteristic	Impact	Explanation	Mitigation
Gender	<ul style="list-style-type: none"> The majority of claimants across all 	<ul style="list-style-type: none"> As detailed in the main body of this 	<ul style="list-style-type: none"> These claimants can make a claim to

	<p>benefit types other than Jobseekers Allowance are female. The percentage of female claimants is particularly high in Income Support and tax credits (single claimants only), where they contribute to over 80%. This is also true, however, on UC and WTC.</p> <ul style="list-style-type: none"> • This does mean that the failure to provide additional support to legacy claimants impacts women more than it does men. 	<p>advice, the uplift and the one-off payment are focussed on Universal Credit and Working Tax Credit where claimants are more likely to have seen a drop or change in income as a result of the pandemic.</p> <ul style="list-style-type: none"> • Also, as detailed, it is not possible at this point to make an uplift to legacy benefits, or to deliver a one-off payment to legacy claimants without serious risk to delivery of other policies and the stability of the benefit system. 	<p>Universal Credit and benefit from the uplift and should use an independent benefit calculator to understand their entitlement.</p> <ul style="list-style-type: none"> • Legacy benefits are being increased, by 0.5%, in line with CPI, for 21-22.
Gender Reassignment	<ul style="list-style-type: none"> • There is not sufficient evidence to assess whether this policy would disproportionately impact on claimants within this protected characteristic group. 	N/A	N/A
Disabled/Non-disabled	<ul style="list-style-type: none"> • 47% of the UC caseload benefitting from this increase are disabled, this is higher than the GB population in which 29% are disabled (Family Resources Survey 2018/29). • Of the remaining 1.9m ESA caseload 81% claimants are in the 'Support group'. These claimants are not required to engage with work related activity due to the nature of their 	<ul style="list-style-type: none"> • As detailed in the main body of this advice, the uplift and the one-off payment are focussed on Universal Credit and Working Tax Credit where claimants are more likely to have seen a drop or change in income as a result of the pandemic. • As the overwhelming majority of ESA claimants are not required to carry out any work-related 	<ul style="list-style-type: none"> • Legacy benefit claimants can make a claim to Universal Credit and benefit from the uplift and should use an independent benefit calculator to understand their entitlement. • The gateway which prevented Severe Disability Claimants from moving to UC was removed on the 27th of January 2021.

	<p>health condition/disability.</p> <ul style="list-style-type: none"> • The failure to provide additional support to those on legacy benefits therefore disproportionately affects those with a health condition or disability. 	<p>activity, it is highly likely they have not seen a reduction in income during the pandemic.</p> <ul style="list-style-type: none"> • Also, as detailed, it is not possible at this point to make an uplift to legacy benefits, or to deliver a one-off payment to legacy claimants without serious risk to delivery of other policies and the stability of the benefit system. 	<ul style="list-style-type: none"> • Legacy benefits are being increased, by 0.5%, in line with CPI, for 21-22.
Racial Group	<ul style="list-style-type: none"> • A slightly higher proportion of UC claimants benefiting from the policy are of an ethnic minority background than the GB population so the policy will benefit a relatively high % of claimants from ethnic minority backgrounds (FRS 2018/19) • There is not sufficient evidence to assess whether this policy would disproportionately impact on legacy claimants within this protected characteristic group, but there is no reason to believe that different racial groups are disproportionately represented in DWP legacy benefits relative to UC and WTC. 	N/A	N/A

<p>Religion or Belief</p>	<ul style="list-style-type: none"> • There is not sufficient evidence to assess whether this policy would disproportionately impact on claimants within this protected characteristic group, but there is no reason to believe that people of different religions or beliefs are disproportionately represented in DWP legacy benefits relative to UC and WTC. 	<p>N/A</p>	<p>N/A</p>
<p>Sexual Orientation</p>	<ul style="list-style-type: none"> • The proportion heterosexual/not heterosexual claimants on UC benefitting from the policy is the same as the entire GB population. Therefore, we have no reason to believe that one group will benefit disproportionately because of their sexual orientation (FRS 18/19). • There is not sufficient evidence to assess whether this policy would disproportionately impact on legacy claimants within this protected characteristic group, but there is no reason to believe that people of different sexual orientations are disproportionately represented in DWP 	<p>N/A</p>	<p>N/A</p>

	legacy benefits relative to UC and WTC.		
Marriage & Civil Partnership	<ul style="list-style-type: none"> There is not sufficient evidence to assess whether this policy would disproportionately impact on claimants within this protected characteristic group, but there is no reason to believe that people of different marital or civil partnership status are disproportionately represented in DWP legacy benefits relative to UC and WTC. 	N/A	N/A
Pregnancy & Maternity	<ul style="list-style-type: none"> There is not sufficient evidence to assess whether this policy would disproportionately impact on claimants within this protected characteristic group, but there is no reason to believe that those who are pregnant or people with different maternity status are disproportionately represented in DWP legacy benefits relative to UC and WTC. 	N/A	N/A
Age	<ul style="list-style-type: none"> Over 55% of ESA claimants are over the age of 50, compared to 20% and 29% for UC and WTC respectively. As neither the uplift extension nor the 	<ul style="list-style-type: none"> As detailed in the main body of this advice, the uplift and the one-off payment are focussed on Universal Credit and Working Tax Credit where claimants are 	<ul style="list-style-type: none"> These claimants can make a claim to Universal Credit and benefit from the uplift and should use an independent benefit calculator to

	<p>one-off payment applies to ESA claimants, this group will be disproportionately excluded from the additional support.</p>	<p>more likely to have seen a drop or change in income as a result of the pandemic.</p> <ul style="list-style-type: none"> Also, as detailed, it is not possible at this point to make an uplift to legacy benefits, or to deliver a one-off payment to legacy claimants without serious risk to delivery of other policies and the stability of the benefit system. 	<p>understand their entitlement.</p> <ul style="list-style-type: none"> Legacy benefits are being increased, by 0.5%, in line with CPI, for 21-22.
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67. Please can you confirm that you have paid due regard to the equalities impacts and do not wish to change any of the policy design in light of the impacts set out above.

Other Considerations

Benefit Cap

- Extending the £20 per week increase to UC and making a one-off payment WTC claimants is a positive measure which will benefit the vast majority of households who are in receipt of these benefits.
- A small number of households on UC will not benefit (in full) from the extension of the £20 uplift as their award is high enough to be capped. The benefit cap is in place to ensure that those on out-of-work benefits do not earn more than the average working family. In UC the cap is applied monthly at the end of each Assessment Period.
- All households which include somebody who is receiving the Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Industrial Injuries Benefits, Carer’s Allowance, Guardian’s Allowance, or the support

component of the Employment and Support Allowance are exempt from the Benefit Cap, as are those receiving War Widows and War Widowers pension.

- There are currently c.170k households whose awards are capped, 83% of which have children. Over 60% of families currently impacted by the benefit cap are lone parents.
- The one-off payment to be made to eligible WTC claimants will not interact with the benefit cap as it is not a payment of benefits, but a standalone payment being made through s76 of the Coronavirus Act.

Family Test

- Eligible families claiming UC and WTC will benefit from this measure however, families on legacy benefits, including lone parent households on Income Support, will not. There is no evidence that the increase to UC standard allowance or the one-off payment to WTC claimants will impact on the formation or breakdown of a family.