2015 No. 345

SOCIAL SECURITY

The Universal Credit (Surpluses and Self-employed Losses) (Digital Service) Amendment Regulations 2015

Made - - - -	*23rd February 2015*
Laid before Parliament	*26th February 2015*
Coming into force -	*6th April 2016*

The Secretary of State for Work and Pensions, in exercise of the powers conferred by section 42(2) and (3) of, and paragraph 4(1), (3)(a) and (4) of Schedule 1 to, the Welfare Reform Act 2012**(a)**, makes the following Regulations:

In accordance with section 172(1) of the Social Security Administration Act 1992, the Secretary of State has referred the proposals for these Regulations to the Social Security Advisory Committee.

Citation and commencement

1. These Regulations may be cited as the Universal Credit (Surpluses and Self-employed Losses) (Digital Service) Amendment Regulations 2015 and come into force on ►[1]3rd April 2017◄.

[1]Words in reg. 1 substituted by reg. 2 of S.I. 2016/215 as from 23.3.16.

[Reg. 2 inserts reg. 54A and 62(4A) in S.I. 2013/376.]

[Reg. 3 substitutes reg. 2 for regs. 2 & 3, words in reg. 57(4) and inserts reg. 57A in S.I. 2013/376.]

►[2]**Saving**

[2]Reg. 4 substituted by reg. 21 of S.I. 2015/1754 as from 3.11.15.

4.—(1) The amendments made by these Regulations do not apply to an award of universal credit unless it is–

(a) an award to which a person has become entitled by reference to residence in a digital service area (whether or not the person is still living in that area);

(b) an award to which a person who is living in a digital service area is entitled (whether or not the person was living in that area at the time that person became entitled);

(c) an award, not falling within sub-paragraph (a) or (b), to which a person who has lived in a digital service area at any time after it became a digital service area is entitled but only if that award has been administered on the digital service computer system;

(d) an award not falling within sub-paragraphs (a) to (c)–

(i) which is made to members of a couple jointly as a consequence of a previous award having ended when the couple formed, or

(ii) which is made to a single claimant as a consequence of a previous award having ended when the claimant ceased to be a member of a couple,

where that previous award was administered on the digital service computer system.

(a) 2012 c. 5.

(2) Where the date on which these Regulations first apply to an existing award of universal credit by virtue of paragraph (1)(b) is not the first day of an assessment period, they are not to have effect in relation to that award until the first day of the next assessment period.

(3) In this regulation–

"a digital service area" means–

(a) postcode districts SM5 2, SM6 7 and SM6 8; and

(b) an area in respect of which no restrictions have been imposed in order for the universal credit provisions to come into force on a claim for universal credit (apart from with respect to residence and the date on which, or period in respect of which, universal credit is claimed) by an order under section 150 of the Welfare Reform Act 2012 or an area (apart from that referred to in (a)) in respect of which such restrictions have been, but are no longer, imposed;

"the digital service computer system" is the computer system operated by the Secretary of State in digital service areas;

"universal credit provisions" means the provisions listed in Schedule 2 to the Welfare Reform Act 2012 (Commencement No. 9 and Transitional and Transitory Provisions and Commencement No. 8 and Savings and Transitional Provisions (Amendment)) Order 2013**(a)**.

(4) In regulation 54A of the Universal Credit Regulations 2013 (as inserted by regulation 2(2)), "the old award" does not include an award the last day of which fell before 6th April 2016 and, in regulation 57A (as inserted by regulation 3(4)), "unused loss" does not include the loss from an assessment period that ended before that date.◄

Signed by authority of the Secretary of State for Work and Pensions.

Freud
Parliamentary Under Secretary of State
Department for Work and Pensions

23rd February 2015

(a) S.I. 2013/983 (c. 41).

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Universal Credit Regulations 2013 (S.I. 2013/376) by making further provision for the calculation of earned income for the purposes of calculating an award of universal credit.

Regulation 2 provides for past earnings to be taken into account where a claimant has ceased to be entitled to universal credit within the past 6 months because of excess earnings. Paragraph (1) inserts a new regulation 54A which determines the circumstances in which an amount of earnings during the period when the person was not entitled to universal credit may be treated as earned income in calculating a new award. Paragraph (3) amends regulation 62 (minimum income floor) so that where such an amount is taken into account it is added to earned income before that regulation is applied and, in the case of a joint claim, apportioned in the way that is most favourable to the claimants.

Surplus earning are not applied in the case of a claimant who has recently been the victim of domestic violence.

Regulation 3 amends regulation 57 of the Universal Credit Regulations 2013 (which sets out how self-employed earnings are calculated for each assessment period) so as to allow unused losses from previous assessment periods to be taken into account. Unused losses are defined in the new regulation 57A. These are any losses from the previous 11 assessment periods that have not yet been set off against subsequent profits. For this purpose the months in any break between awards (not exceeding 6) may be treated as if they were assessment periods and, accordingly, losses for that period can be taken into account.

Regulation 4 (savings) provides that the amendments in regulations 2 and 3 only have effect in relation to those awards (collectively known as “the digital service”) arising from claims made by persons living in the postcode specified in that regulation or from such persons subsequently forming new couples. Regulation 4 also provides for the exclusion of surpluses and losses arising before the regulations come into force.

The report of the Social Security Advisory Committee dated 12th December 2014 in relation to the Secretary of State’s proposals to make these Regulations, together with a statement showing the extent to which these Regulations give effect to the recommendations of the Committee and, in so far as they do not give effect to them, the reasons why not, are contained in an Act Paper published by The Stationery Office Ltd.

An impact assessment has not been produced for this instrument as it has no impact on business or on civil society organisations. This instrument has no impact on the public sector.