

**EXPLANATORY MEMORANDUM TO**

**THE UNIVERSAL CREDIT (ADMINISTRATIVE EARNINGS THRESHOLD)  
(AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2024**

**S.R. 2024 No. 107**

**1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department for Communities to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly under the negative resolution procedure.
- 1.2. These Regulations are made under Articles 5, 23(5), 27(2)(a) and 48(1) of the Welfare Reform (Northern Ireland) Order 2015.

**2. Purpose**

- 2.1. This Statutory Rule will amend regulation 97(14) of the Universal Credit Regulations (Northern Ireland) 2016 (S.R. 2016 No. 216) to increase the Administrative Earnings Threshold (AET). The current AET is £677 per calendar month (PCM) for individual claimants and £1083 PCM for couples. This is equivalent to an individual working 15 hours per week at the National Living Wage (NLW) or a couple working for 24 hours per week at the NLW. This Statutory Rule will increase the AET to £892 PCM for single claimants and £1439 PCM for couples from 13 May 2024. This is equivalent to an individual working 18 hours per week at the NLW or a couple working for 29 hours per week at the NLW.

**3. Background**

- 3.1. Regulation 97 of the Universal Credit Regulations (Northern Ireland) 2016 sets out the circumstances in which work search and work availability requirements may not be imposed on Universal Credit (UC) claimants. Paragraph (14) of Regulation 97 provides that work search and work availability requirements may not be imposed when a person has a certain level of earnings, this is known as the AET.
- 3.2. The original policy intent of UC was not only to support out of work claimants to move into employment, but also to support working claimants to progress and increase their earnings. Raising the AET is intended to help UC claimants to progress in work by extending intensive work coach support to more UC claimants on low incomes.

- 3.3. The design of the AET, a set earnings threshold, reflects the fact that UC is designed around earnings rather than hours worked. This aligns with the policy intent of providing all claimants earning less than the AET (regardless of the National Minimum Wage/NLW status) with regular work coach appointments providing tailored support. From 1 April 2024, workers aged 21 and over are entitled to the NLW, meaning they will have to work the same amount at the NLW as workers aged 23 and over, which previously was not the case. However, as young people aged between 18 and 20 will not be entitled to the adult NLW, these workers may have to work more hours at National Minimum Wage to reach the AET.
- 3.4. Where a UC claimant is subject to all work-related requirements, the AET is used to determine which conditionality regime the claimant is allocated to. UC claimants are placed in the Intensive Work Search (IWS) regime if they are earning less than their AET or placed in the Light Touch regime if they are earning at or above their AET but below their Conditionality Earnings Threshold (the number of hours of above which a claimant will not be required to undertake work-related activity). Those in the IWS regime are required to accept a Claimant Commitment agreeing work search requirements and work availability requirements as well as work preparation and work-focused interview requirements and could be subject to sanctions if they do not comply with these requirements.

#### **4. 21 Day Rule**

- 4.1 This Statutory Rule will breach the 21-day rule. This is necessary to align as closely as possible with the equivalent legislation by the Department for Work and Pensions (DWP). The AET is set for the whole of the UK on the UC IT system which is owned and developed by DWP for the delivery of UC on a UK wide basis. Any delay in the operational date for this Statutory Rule could give rise to operational difficulties.

#### **5. Consultation**

- 5.1. There is no requirement to consult on these Regulations.

#### **6. Equality Impact**

- 6.1. In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise on the legislative proposals. The Department has concluded that the proposals would not have significant implications for equality of opportunity and considers that an Equality Impact Assessment is not necessary.

## **7. Regulatory Impact**

- 7.1. There is no impact on business, charities or voluntary bodies or on the public sector.

## **8. Financial Implications**

- 8.1. None anticipated.

## **9. Section 24 of the Northern Ireland Act 1998**

- 9.1. The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that the Rule complies with that provision.

## **10. EU Implications**

- 10.1. Not applicable.

## **11. Parity or Replicatory Measure**

- 11.1. These Regulations are broadly equivalent to the Universal Credit (Administrative Earnings Threshold) (Amendment) Regulations (S.I. 2024/529) which came into operation on 6 May 2024 and the Universal Credit (Administrative Earnings Threshold) (Amendment) (No. 2) Regulations 2024 (S.I. 2024/536) which come into operation on 13 May 2024.

## **12. Additional Information**

- 12.1. Guidance will be issued to Department for Communities staff prior to this Statutory Rule becoming operational.

