EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT (WAITING DAYS) (AMENDMENT) REGULATIONS 2015

2015 No. 1362

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument makes amendments to existing regulations to allow for the introduction of seven days of non-entitlement at the beginning of certain claims of Universal Credit.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

- 4.1 The Welfare Reform Act 2012¹ provided for the introduction in Great Britain of a new working age income-related social security benefit, Universal Credit, and the abolition of income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Housing Benefit, and Child and Working Tax Credits. The detailed rules for calculating Universal Credit are set out in the Universal Credit Regulations 2013².
- 4.2 Section 6 of the Welfare Reform Act 2012 allows for regulations to prescribe a period of up to seven days, at the beginning of a period during which the entitlement conditions for Universal Credit are met, in respect of which entitlement does not in fact arise ("waiting days"). Such regulations may also provide for exceptions to the application of waiting days.
- 4.3 The intention to introduce seven waiting days in respect of certain new claims for Universal Credit was announced by the Chancellor of the Exchequer in the 2013 Spending Round.
- 4.4 These regulations amend the Universal Credit Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014³ in order to duly introduce seven waiting days in respect of certain new claims for Universal Credit and to make transitional arrangements for claimants migrating to Universal Credit from existing benefits.

¹ Welfare Reform Act 2012: http://www.legislation.co.uk/ukpga/2012/5/contents

² S.I. 2013/376: http://www.legislation.gov.uk/uksi/2013/376/contents/made

³ S.I. 2014/1230: http://www.legislation.gov.uk/uksi/2014/1230/contents

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

5.2 The Department for Social Development in Northern Ireland will be producing its own legislation for Northern Ireland.

6. European Convention on Human Rights

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

7. Policy background

- What is being done and why
- 7.1 Waiting days will apply with prescribed exceptions to new claims for Universal Credit made by single claimants who are, or couples where one member of the couple is, subject to all work-related requirements under section 22 of the Welfare Reform Act 2012 as well as claimants (or either of joint claimants) who are not so subject only because they have limited capability for work. Waiting days will not apply to existing Universal Credit claims where a claimant moves into the All Work Related Requirements Group as a result of a change of circumstances. The waiting days affect entitlement to the full Universal Credit award, including housing costs and child elements where relevant.
- 7.2 Certain groups of vulnerable claimants that may be particularly affected by the introduction of waiting days will be exempt from the requirement to serve waiting days. Claimants migrating from legacy benefits, those moving on and off Universal Credit due to earnings within a six month period and those to whom a new Universal Credit award is made when a previous award has ended upon their forming a couple with, or splitting from, a joint claimant, will also not be required to serve waiting days.
- 7.3 The principle behind the waiting days policy is that benefits are not intended to provide financial support for very brief breaks in employment or periods of sickness. Many people come to benefits directly from employment and increasing numbers of people are paid their earnings monthly. It is reasonable to expect them to use those earnings to budget for an initial spell of unemployment.
- Consolidation
- 7.4 Informal consolidated text of instruments is available to the public free of charge via 'The Law Relating to Social Security' (Blue Volumes) on the Department for Work and Pensions website at <u>http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-tosocial-security/</u> or the National Archive website <u>legislation.gov.uk</u>. An explanation as to which instruments are maintained on each site is available <u>here</u>.

8. Consultation outcome

- 8.1 A full public consultation on the introduction of waiting days in Universal Credit has not been undertaken. The proposals in respect of these regulations were subject to statutory formal consideration by the Social Security Advisory Committee. The Committee subsequently consulted with a broad range of organisations and individuals between 19 September 2014 and 17 October 2014.
- 8.2 On 17 November 2014 the Committee delivered its report on the proposed regulations to the Secretary of State for Work and Pensions. The Secretary of State did not accept the Committee's recommendation that the Government did not proceed with the proposals, judging that the potential risks were outweighed by the benefits that could be derived from re-investing the savings generated by the policy into measures to help get claimants into work. The Committee's report and the Secretary of State's full response has been published and is available from: https://www.gov.uk/search?q=ssac+report.

9. Guidance

9.1 The regulations will come into force on 3 August 2015. Guidance for decision makers which is available to the public on the government website will be amended ahead of this date to reflect the policy change, to ensure that staff are suitably trained to implement it and advise claimants as to its impact.

10. Impact

10.1 There is no impact on business or civil society organisations.

10.2 Impact Assessments have not been separately prepared for these regulations. However, an Equality Analysis has been undertaken by the Department in line with the Equality Duty.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 DWP will monitor the impact of the increase in waiting days particularly in relation to the level of recourse to Universal Credit Advances that may result from the implementation of the waiting days policy.

13. Contact

Aidan Armitage at the Department for Work and Pensions Tel: 0113 2519946 or email: <u>aidanarmitage@dwp.gsi.gov.uk</u> can answer any queries regarding the instrument.