

EXPLANATORY MEMORANDUM TO

THE UNIVERSAL CREDIT (ADMINISTRATIVE EARNINGS THRESHOLD) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2022

S.R. 2022 No. 223

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.

1.2. The Statutory Rule is made under Articles 29(1) and 48(1) of the Welfare Reform (Northern Ireland) Order 2015, and is subject to the negative resolution procedure.

21 day rule

1.3. As system changes are being made to the Universal Credit system from 26 September 2022, these regulations had to breach the 21 day rule to ensure legislative cover.

2. Purpose

2.1. These Regulations amend Regulation 97(14) of the Universal Credit Regulations (Northern Ireland) 2016 (S.R. 2016 No. 216) in order to increase the Administrative Earnings Threshold from the current level, which is £355 per calendar month (PCM) for an individual and £567 PCM for a couple, to £494 PCM for an individual and £782 PCM for a couple from 26 September 2022.

3. Background

3.1 The current Administrative Earnings Threshold (AET) is equivalent to an individual claimant working 8.62 hours per week earning the National Living Wage (NLW). The current AET for couples is equivalent to them working 13.77 hrs per week between them earning the National Living Wage (NLW).

- 3.2. When claimants earn more than their Conditionality Earnings Threshold (CET) they move into the 'Working Enough' conditionality group, where no conditionality requirements are applied, and the claimants do not regularly interact with a work coach. The CET is a flexible threshold which is calculated based on the number of hours an individual claimant can reasonably be expected to undertake work or work-related activities based on their circumstances. In most cases, it is set at the rate equivalent to working 35 hours at the NLW but this can be adjusted to take account of health conditions or caring responsibilities.
- 3.3 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 CET. 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. Whereas those in Light Touch are not required to comply with work search requirements or work availability requirements.
- 3.4 These amendments will support UC claimants to progress in work by extending work coach support to more UC claimants on low incomes. Work coaches provide regular on-going tailored support, and claimants will be able to access a comprehensive range of training and skills provision based on their needs.
- 3.5 Departmental statisticians have estimated that this change to the AET will bring in an estimated additional 2,130 claimants into the IWS regime from the Light Touch regime (14.8% of Light Touch claimants). This change will require impacted claimants to review and agree a new Claimant Commitment with a work coach, agreeing appropriate work search requirements which will be revised and updated regularly.
- 3.6 The policy intent is to support those who find themselves in low income to help them access opportunities to increase their earnings. This might be by increasing their hours, progressing in their current role/sector, or switching careers.

4. Consultation

4.1. There is no requirement to consult on these Regulations.

5. Equality Impact

5.1. 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.

6. Regulatory Impact

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

7. Financial Implications

7.1. None anticipated.

8. Section 24 of the Northern Ireland Act 1998

8.1. The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied that the Rule –

- (a) is not incompatible with any of the Convention rights;
- (b) is not incompatible with Community law;
- (c) does not discriminate against a person or class of person on the ground of religious belief or political opinion; and
- (d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1. Not applicable.

10. Parity or Replicatory Measure

10.1. These Regulations are equivalent to the Universal Credit (Administrative Earnings Threshold) (Amendment) Regulations 2022, S.I. 2022/886 in Great Britain which were made on 4 August 2022 and come into force on 26 September 2022.

11. Additional Information

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