

## **EXPLANATORY MEMORANDUM TO**

### **THE UNIVERSAL CREDIT (ADMINISTRATIVE EARNINGS THRESHOLD) (AMENDMENT) REGULATIONS (NORTHERN IRELAND) 2023**

#### **S.R. 2023 No.3**

#### **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)(a), 48(1) and 48(2) of, and paragraphs 1(1), 4(1)(b), 4(2)(d) and 4(3)(a) of schedule 6 to, the Welfare Reform (Northern Ireland) Order 2015, and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. The current Administrative Earnings Threshold (AET) is £494 Per Calendar Month (PCM) for individual claimants and £782 PCM for couples. This is equivalent to an individual working 12 hours per week at the National Living Wage (NLW) or a couple working for 19 hours per week at the NLW.
- 2.2. Regulation 97 of the Universal Credit Regulations (Northern Ireland) 2016 (S.R. 2016/216) sets out the circumstances in which work search and work availability requirements may not be imposed on Universal Credit (UC) claimants. This Statutory Rule will amend regulation 97(14) of the Universal Credit Regulations (Northern Ireland) 2016 to raise the AET to £617 PCM for single claimants and £988 PCM for couples from 30 January 2023. This is equivalent to an individual working 15 hours per week at the NLW or a couple working for 24 hours per week at the NLW.

#### **3. Background**

- 3.1. 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 to not only support out of work claimants to move into employment, but also to support working claimants to progress

and increase their earnings. We are therefore raising the AET 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, which aligns with the policy intent of providing all claimants earning less than the AET (regardless of the National Minimum Wage/National Living Wage status) with regular work coach appointments providing tailored support. As young people under 25 are not entitled to the adult NLW, these workers may have to work more hours in order 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 (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.
- 3.5. Departmental analysts have estimated that this change to the AET will bring approximately 1,800 NI claimants into the IWS regime from the Light Touch regime (13% of Light Touch claimants).
- 3.6. Work coaches will provide regular on-going tailored support to these claimants, who will be able to access a comprehensive range of training and skills provision based on their needs. Work coaches will be aiming to support claimants to access opportunities to increase their earnings. This might be by increasing their hours, progressing in their current role/sector, or switching careers. Work coaches will have discretion to tailor support to the circumstances of each claimant.
- 3.7. As detailed above, all claimants who move into the IWS regime can have labour market conditionality applied – Work Focused Interview (WFI), Work Preparation, Work Search and Work Availability – and could be subject to sanctions if they do not comply with these requirements.
- 3.8. The type of activities a claimant is required to undertake will be based on their capability and personal circumstances, making them realistic and achievable. Furthermore, work search expectations will differ for each claimant depending on their individual circumstances to a maximum of 35 hours. Work coaches may limit the number of hours a claimant is available for work and / or is expected to be engaged in work related activity to reflect caring responsibilities or health conditions, for example.
- 3.9. Those in the Light Touch conditionality group do not routinely receive support from a work coach, although they can volunteer to see a work coach. These claimants can legally be required to attend Work Focussed Interviews and

undertake Work Preparation Requirements activities. However, the current policy means that this does not happen in practice, as those claimants do not regularly interact with a work coach. Raising the AET mean that approximately 1,800 NI claimants in the Light Touch group will now benefit from the intensive support provided in the IWS regime.

- 3.10. Claimants affected by this change will be required to review and agree a new Claimant Commitment with a work coach. This will involve agreeing to appropriate work search activities, which will be revised and updated regularly.

#### **4. Consultation**

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

#### **4. 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 complies with that provision.

## **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 2023, (S.I. 2023/7) in Great Britain which come into operation on 30 January 2023.

## **11. Additional Information**

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