

EXPLANATORY MEMORANDUM TO
THE UNIVERSAL CREDIT (TENANT INCENTIVE SCHEME) AMENDMENT
REGULATIONS 2017

2017 No. 427

1. Introduction

- 1.1 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 In order to enable housing providers in the social rented sector to operate schemes which incentivise tenants to manage their own rent payments and interact digitally, this instrument provides for a reduction in the claimant's rent or service charges to be disregarded in Universal Credit where that reduction has been allowed by a provider under an approved incentive scheme.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

Other matters of interest to the House of Commons

- 3.2 As this instrument is subject to negative resolution procedure, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

- 4.1 Universal Credit is intended to encourage claimants to take responsibility for managing their own finances and to engage via a digital platform where appropriate.
- 4.2 In line with that, this instrument accommodates schemes which allow social housing providers to incentivise their tenants to adapt to new ways of working by interacting digitally and managing their own rent payments. It enables a reduction in the claimant's rent or service charges, which has been allowed under an incentive scheme by a social housing provider, to be disregarded when the housing costs element of Universal Credit is being calculated.
- 4.3 This instrument applies only to schemes which have been approved by the Secretary of State.

5. Extent and Territorial Application

- 5.1 The extent of this instrument is Great Britain.
- 5.2 The territorial application of this instrument is Great Britain.
- 5.3 Corresponding regulations are to be made in Northern Ireland.

6. European Convention on Human Rights

- 6.1 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 The main features of Universal Credit are set out in the Welfare Reform Act 2012¹ and in the Universal Credit Regulations 2013 (SI 2013/376) (“the 2013 Regulations”)².
- 7.2 Two of the core principles of Universal Credit are to encourage claimants to take responsibility for managing their own finances and to engage via a digital platform where appropriate.
- 7.3 A scheme proposed by a registered social landlord, East Lothian Housing Association, supports those key objectives by encouraging tenants to adopt a new approach to their interaction with their landlord. The scheme offers tenants a financial incentive for communicating via a digital platform and for keeping up to date with their rent payments. This initial scheme will operate in a limited geographic area and will affect fewer than two hundred people living in that area. This instrument is intended to accommodate initially this specific scheme and subsequently any other schemes which are approved by the Secretary of State to allow social housing providers to incentivise their tenants to support those objectives.
- 7.4 The primary purpose of requiring that schemes be approved is to provide a measure of control so that Universal Credit staff are aware of the areas in which schemes are operating, to avoid any confusion in determining a person’s benefit entitlement. The Secretary of State will also need to be satisfied that schemes are adequately inclusive (for example, that the landlord provides any necessary assistance to ensure disabled tenants have access to the scheme) and that they support broad Government objectives.
- 7.5 Paragraph 6 of Part 3 of Schedule 4 of the Universal Credit Regulations 2013³ (Relevant payments to be taken into account) sets out what payments are to be taken into account for the purposes of calculating the claimant’s rental liability.
- 7.6 This instrument amends the 2013 Regulations to specify that, where a reduction in the claimant’s rent or service charges has been allowed by a provider of social housing under an incentive scheme approved by the Secretary of State, the housing costs element is to be calculated as if no such reduction had been applied.

Consolidation

- 7.7 Informal consolidated text of instruments is available to the public free of charge via ‘the National Archives’ website <http://www.legislation.gov.uk/>.

8. Consultation outcome

- 8.1 Officials have consulted extensively with East Lothian Housing Association in the development of the policy as it is their ‘Key Tenant Scheme’ which will be used as the

¹ <http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted>

² <http://www.legislation.gov.uk/uksi/2013/376/contents>

³ <http://www.legislation.gov.uk/uksi/2013/376/schedule/4>

initial model. Officials have also consulted with the Scottish Government in accordance with section 29(7) of the Scotland Act 2016⁴.

- 8.2 The draft regulations have been presented to the Social Security Advisory Committee (SSAC) which is content with them and chose not to consult.

9. Guidance

- 9.1 Ahead of the powers coming into force, guidance will be in place for DWP staff managing the claims of tenants who are participating in the scheme, to ensure they understand where the disregard should apply and how to put it in place. East Lothian Housing Association is providing detailed information to their tenants as well as practical assistance to those with limited experience of digital technology.

- 9.2 Approval of subsequent schemes will be determined by the Secretary of State.

10. Impact

- 10.1 The instrument does not impose any duty, obligation or requirements on business, charities or voluntary bodies. These provisions will apply only where the social sector landlord, a registered charity or voluntary body, voluntarily approaches the Department for assistance with a scheme that they wish to introduce. In the initial scheme, the housing association involved has a total of around 1,200 tenants, of whom just 150 currently receive Universal Credit. All those tenants will be offered the opportunity to participate in the scheme but, as participation is voluntary, it is possible that not all of the tenants receiving Universal Credit will be involved.

- 10.2 There is no impact on the public sector and there will be no impact on Annually Managed Expenditure.

- 10.3 An Impact Assessment has not been prepared for this instrument, as there is no direct impact on business.

11. Regulating small business

- 11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

- 12.1 The Department is committed to monitoring its policies, both in terms of equality and diversity, and in relation to the quality and accessibility of services for our customers. We will work with the housing association that will first benefit from these provisions to understand the impact of their scheme, its effect on tenant behaviour and how far it supports the key Departmental objectives mentioned at paragraph 7.2. This will help inform decisions on approval of any future schemes.

13. Contact

- 13.1 Geoff Scammell at the Department for Work and Pensions (telephone: 020 7449 5763 or email: geoff.scammell@dwp.gsi.gov.uk) can answer any queries regarding the instrument.

⁴ <http://www.legislation.gov.uk/ukpga/2016/11/section/29/enacted>