

EXPLANATORY MEMORANDUM TO
THE UNIVERSAL CREDIT (EXTENSION OF CORONAVIRUS MEASURES)
REGULATIONS 2021

2021 No. 313

1. Introduction

- 1.1 This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by the Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 The purpose of these regulations is to extend the temporary uplift of £86.67 per month (equivalent to £20 per week) to the Universal Credit (UC) Standard Allowances for those who are making a new claim for or have been awarded UC for a further 6 months and to extend the relaxation of the minimum income floor requirements for a further three months for those who are self-employed. The extended relaxation of the minimum income floor ensures that UC self-employed claimants whose business activity is impacted by the Covid-19 crisis and restrictions are supported and temporarily can benefit from a full UC Award rather than having an assumed level of income applied.
- 2.2 These changes are intended to provide additional support which helps both individuals and the wider economy to continue to weather the financial impacts arising from the Covid-19 outbreak and to ensure that UC self-employed claimants are not penalised for following Government advice on social-distancing.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 The regulation for the extension of the UC uplift applies for any assessment period in relation to an award of UC, where that assessment period ends on or after 6th April 2021 and before 6th October 2021.
- 3.2 As a result, the uplift has an inbuilt end date.
- 3.3 The amendment of the expiry date of the provision relating to the minimum income floor, which applies to self-employed UC claimants, provides for this temporary measure to now end on 31st July 2021.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.4 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is England, Wales and Scotland only.
- 4.2 The territorial application of this instrument is England, Wales and Scotland only

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 The purpose of this instrument is to extend by 6 months the provision made under The Social Security (Coronavirus) (Further Measures) Regulations 2020 (S.I. 2020/371) for an uplifted standard allowance for those who are making a new claim for or have been awarded Universal Credit (UC). It also extends regulation 2 in relation to the minimum income floor which now expires on 31 July 2021. This will provide additional financial support for these claimants who are impacted by the Covid-19 pandemic.

7. Policy background

What is being done and why?

- 7.1 As part of the Government's strategy of supporting people affected by Covid-19, the below changes are being made:
- 7.2 Extending the additional £86.67 per assessment period in the UC Standard Allowances for six months to provide extra financial support to those experiencing the most financial disruption during the pandemic and avoid a drop in income whilst various restrictions remain in place. The £86.67 is on top of the underlying rates as adjusted by the annual uprating order made under section 150(1) of the Social Security Administration Act 1992. Accordingly, the total amount of standard allowance will increase by the relevant amounts in assessment periods beginning on or after 12th April 2021 when the uprating order for the 21-22 tax year comes into effect.
- 7.3 Table 1 compares the current UC Standard Allowance rates with the underlying rates (if the uplift were to be removed). These rates will apply in assessments periods starting on or before 11th April 2021.
- 7.4 Table 2 shows the UC Standard Allowance rates that will take effect for assessment periods starting from 12th April 2021. The underlying rates as amended by the uprating order for the 21-22 tax year are also shown in this table.
- 7.5 **Table 1:** UC Standard Allowance monthly uplift rates and underlying rates for assessment periods starting on or before 11th April 2021.

UC Standard Allowance	Uplift Rate (per month)	Underlying Rate (per month)
Single claimant, under 25	£342.72	£256.05
Single claimant, 25+	£409.89	£323.22
Couple, both under 25	£488.59	£401.92
Couple, at least on 25+	£594.04	£507.37

7.6 **Table 2:** UC Standard Allowance monthly uplift rates and underlying rates for assessment periods starting on or after 12th April 2021.

UC Standard Allowance	Uplift Rate (per month) for 6 months	Underlying Rate (per month)
Single claimant, under 25	£344.00	£257.33
Single claimant, 25+	£411.51	£324.84
Couple, both under 25	£490.60	£403.93
Couple, at least on 25+	£596.58	£509.91

7.7 Provision has also been made to ensure that the calculation of any Transitional Protection that is awarded to a claimant as part of managed migration¹ is not reduced because of the temporary uplift. By doing so it ensures that any claimant who has moved to UC as part of managed migration will also benefit from this extra financial support. This provision will also apply to claimants who have naturally migrated to UC and are receiving transitional protection as a result of being a former Severe Disability Premium (SDP) recipient.

7.8 Extending the relaxation of the application of the Minimum Income Floor² (MIF) for all self-employed UC claimants affected by the economic impact of Covid-19. It ensures that the self-employed are supported by the benefit system so that they can follow Public Health England guidance on social distancing and self-isolation and comply with any restrictions placed upon the operation of their business. However, current UC entitlement rules for example, relating to capital and unearned income will still apply.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 As this is a temporary measure consolidation is not being undertaken.

10. Consultation outcome

10.1 No consultation has been undertaken.

¹ Managed migration is where a claimant is moved to UC by the Department by the issuing of a 'migration notice' rather than as a result of a relevant change of circumstances.

² The MIF is an assumed level of income that is designed to encourage individuals to increase their earnings by developing their self-employment. It is determined by multiplying the number of hours claimants can reasonably be expected to work or be looking for work by the relevant national minimum wage or National Living Wage for their age, minus notional income tax and National Insurance contributions that would be payable on actual earnings at that level, to produce a net figure.

11. Guidance

- 11.1 Guidance will be issued to DWP staff urgently to reflect the changes in the statutory instrument.

12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 An Impact Assessment has not been prepared for this instrument because no, or no significant, impact on business is foreseen.
- 12.4 It is estimated that on average, around 4.2m households on UC will benefit from the extension of the temporary increase to the UC Standard Allowance. New claimants who become unemployed or whose earnings or work hours decrease because of the outbreak will also benefit from this measure. This additional temporary increase means claimants will be up to £520 better off.

13. Regulating small business

- 13.1 The legislation may apply to small business, where they are self-employed claimants and come to UC, as outlined above. However, the changes are beneficial for claimants.

14. Monitoring & review

- 14.1 The approach to monitoring of this legislation is a firm commitment by the Department to evaluating and monitoring the impact of its policies.

15. Contact

- 15.1 Zain Razvi at the Department for Work and Pensions (email: zain.razvi@dwp.gov.uk) can be contacted with any queries regarding the instrument.
- 15.2 Kerstin Parker at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Will Quince MP, Minister for Welfare Delivery at the Department for Work and Pensions can confirm that this Explanatory Memorandum meets the required standard.