

Universal Credit Policy Division

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Denise Whitehead
Secretary
Social Security Advisory Committee
5th Floor
Caxton House
Tothill Street
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May 2012

Dear Denise,

**UNIVERSAL CREDIT REGULATIONS NOT SUBJECT TO FORMAL
REFERRAL**

This is the second of two letters asking the Committee to consider draft regulations for Universal Credit. It concerns regulations which are not subject to reference under section 172 of the Administration Act but which Ministers have asked the Committee to consider informally.

I attach explanatory memoranda and two sets of draft regulations:

- ***The Universal Credit Regulations*** – these contain the main secondary legislation for Universal Credit covering detailed entitlement rules, how awards are calculated, assessment of income and capital, work-related requirements, sanctions and hardship payments. They will also provide for the application of the benefit cap in UC.

- **Housing Benefit (Benefit Cap) Regulations** – these provide for a cap on benefit entitlement in HB prior to the introduction of UC in April 2013. They are subject to formal consultation with Local Authorities.

The regulations on the benefit cap reflect the policy announced during the passage of the Welfare Reform Act. Most of the contents are therefore already in the public domain. They do, however, provide some further details concerning exemptions and the grace period and the processes, especially for local authorities, are set more fully than was necessary for the primary legislation.

The Universal Credit Regulations build on the principles of Universal Credit and the statutory framework established by the Universal Credit. During debates Ministers made it clear that many detailed issues would be dealt with in the secondary legislation. The attached memorandum therefore presents a fuller description of the policy than has been provided previously. However, please note that the memorandum does not include benefit rates as these will not be set until later in the year.

The Government considers that simplification is essential if Universal Credit is to deliver its objectives. While many of the rules for Universal Credit will be similar to rules in the current system there has been a clear intention not to replicate rules that are overly complex or which are inconsistent with the principles of reform.

I will forward separately an equality impact assessment which looks at the overall impact of Universal Credit and related policy changes. A link to the latest equality impact assessment for the benefit cap is attached- <http://www.dwp.gov.uk/docs/eia-benefit-cap-wr2011.pdf>

To help the Committee understand the full context for Universal Credit I am also attaching briefing notes on proposals for:

- Transitional Regulations
- Short-term advances and budgeting advances which will replace certain social fund payments from April 2013
- National Insurance Credits for people on Universal Credit
- Consequential, supplementary and incidental regulations
- Reform of Disability Living Allowance

I hope this letter, together with the explanatory memoranda and briefing notes will be helpful to the Committee. Officials will attend the Committee's June meeting to answer any queries members may have and we will be happy to provide any further information they may require.

CHARLOTTE WIGHTWICK
Deputy Director, Universal Credit Policy Division