

Social Security Advisory Committee
Minutes of the meeting held on 26 January 2022
(Microsoft Teams)

Chair: Dr Stephen Brien

Members: Bruce Calderwood
Matthew Doyle
Carl Emmerson
Kayley Hignell
Phil Jones
Grainne McKeever
Charlotte Pickles
Liz Sayce

Apologies: Seyi Obakin
Chris Goulden

1. Private session

[PARTIALLY RESERVED]

Postal Regulations

1.6 The Committee agreed with the Postal Regulations Sub-group's recommendations that the following regulations were suitable candidates for clearance by correspondence:

- *The Social Security (Medical Evidence) and Statutory Sick Pay (Medical Evidence) (Amendment) Regulations 2022*
- *The Statutory Sick Pay (Medical Evidence) Regulations 2021*

1.7 The Chair asked the Committee Secretary to notify the Department that the Committee was content for the above regulations to proceed.

2. The Universal Credit and Employment and Support Allowance (Terminal Illness) (Amendment) Regulations 2022

2.1 The Chair welcomed Alex Fleming (G6, SRTI & ESA Team Leader) and Dan Gatland (ESA, IIS, DMA Policy and Performance).

2.2 The regulations extend the definition of terminal illness from death expected within six months to death expected within 12 months for Universal Credit and Employment and Support Allowance claimants.

2.3 The Committee raised the following main questions in discussion:

- (a) **Why make this change to Universal Credit (UC) but not to Housing Benefit (HB) for example if there was a 70-year-old person with nine months to live, and with a partner below pensionable age, if they apply to UC they will be fast tracked using the Special Rules for Terminal Illness (SRTI), but if that partner was above the pension age they would not come within SRTI and not be fast tracked?**

If a Housing Benefit (HB) claimant receives a DWP income replacement benefit, they are passported to maximum entitlement, irrespective of their health status. In the first example given above, as soon as the mixed age couple receive Universal Credit (UC), irrespective of any additional entitlement via SRTI they are eligible for the housing costs element. In the second example where the couple are both above pension age, once Pension Credit has been determined they are eligible for HB.

- (b) **Could you provide a note on the interaction between UC and HB caused by the change to the terminal illness definition in UC, and the fact it is not changed in the disability benefits?**

Any Universal Credit (UC) claimant who has housing costs support delivered through Housing Benefit (HB) will see not changes as a result of the new terminal illness definition in UC because HB is not dependent on the health condition as UC passports maximum HB entitlement.

- (c) **It would be helpful to understand whether there was a conscious choice to limit yourselves to looking at the SRTI benefits, or whether there was consideration of reviewing terminal illness more broadly. In England DWP align to the NHS England one-year end of life model but the Scottish Government has an unlimited terminal illness definition. Why not run the system for Scottish claimants of UC and ESA using their definition?**

The Ministerial decision in UC and ESA (and the other three benefits being amended via primary legislation) was to have the 12-month approach. There was clear support from that model from clinicians surveyed during evaluation. Their rationale was that it is clearly understood and easier to determine clinically. The majority of clinicians said that end of life prognosis is tricky, both in making the prognosis and in the difficult conversations which follow. On balance the majority said the 12-month defined model was preferred as it was

already in line with NHS practice, with the Gold Standard Framework in place for identifying terminally ill persons.

It is worth noting that the Scottish guidance is lengthy, open to interpretation and it is untested in the UK. It is yet to be seen how Scottish healthcare professionals respond once their system is fully operational. Another contextual factor is that NHS Scotland have not shifted at this time to using the open-ended model of defining terminal illness. The Scottish Government approach will begin to be rolled out with their Child and Adult Disability Payment this year. Ministers of the two Governments have made different decisions, and the UK Ministerial choice was not to have Scottish recipients of UC and ESA use the open-ended definition.

- (d) Are there potential difficulties in evidencing the terminal illness with two systems running concurrently? What forms are required, the DS1500? Is there a danger that the regulatory change happens before the forms themselves are changed? Will people need to get two forms signed, one for Personal Independence Payment (PIP), one for UC?**

There is no requirement for a DS1500 form, but in most cases this medical evidence form that is currently used. To support the proposed changes, the plan is to develop a new medical evidence form for the new rules to aid clarity in the transition. There is testing of the forms with front line staff and clinicians now, and also testing of the new supporting guidance, so they know which form to use and when. The new form should be in play for 4 April, by the go live date for these regulations. Will you need two forms? For one year only, as there will be two different definitions in play, and during that time the Department is conscious that there must be some heavy lifting to ensure that DWP staff and clinical staff know which forms are correct. Where a person makes claims to both PIP and UC there is work proceeding to ensure that only one piece of evidence is required. The aim is making the process as smooth and easy as possible.

- (e) When a person with terminal illness applies to UC they are not signposted to PIP – why not?**

That should be happening in future. That is being looked at alongside more up-front signposting generally. Along with changing the six-month rule, the intention is to explore how to make improvements to the wider SRTI journey. That will involve looking at ways to improve and integrate the five SRTI benefits and create a smoother journey to financial support for people nearing the end of their lives.

2.3 The Chair thanked officials for presenting the regulations to the Committee and for answering members' questions. Following a period of private discussion, the Committee decided that the regulations could proceed without a requirement for formal reference.

3. The Universal Credit (Administrative Earnings Threshold) (Amendment) Regulations 2022¹

3.1 The Chair welcomed Sarah Morris (G7, Policy Team Leader, In-Work Progression), Eleanor Sweet (Policy Team Leader, In-Work Progression), Steve Waller (In-Work Progression) Policy), Leana Scullion (Sanctions and Hardship Payments Policy), Tom Younger (Labour Market Analyst), Philip Thomas (Labour Market Analyst), Dan Woodell (Labour Market Analyst), Jessica Maddison (Sanctions Analyst) and Aimee Vickers (Sanctions Analyst)

3.2 Introducing the item, Sarah Morris explained that the change is about raising the Administrative Earnings Threshold (AET) in UC, the line where a claimant moves between the light touch group to the intensive work search group. The expectation is that 122k claimants will move into the intensive support group. The aim of the change is to help households with low incomes to increase their earnings. Work progression is a key priority, and the Department aims to support people to take that next step, particularly in the current climate where there are many unfilled vacancies. The change will be introduced in April in line with the annual up-rating. There are other progression measures which will be in the Levelling-Up White Paper and the Government's response to [Supporting progression out of low pay: a call to action](#), a report by the In-work Progression Commission.

3.3 The AET will be returned to the same level at which it was set in 2015, in terms of hours worked, as wages have risen faster than benefit rates. More support will be provided to move those people into higher earnings by for example working more hours, or by learning different skills. The policy intent behind UC is to make work pay, and this aligns with the UC Taper Rate change and increase of Work Allowances.

3.4 The Committee asked the following main questions in discussion:

(a) The expectation is for 122k claimants to move from the light touch group to the intensive work search group. In order to understand whether this

¹ These proposals scrutinised at agenda item 3 remained under review by the Department for Work and Pensions after the Committee's meeting, and therefore SSAC was asked not to publish the minutes of this discussion until that review had been completed. The regulations were subsequently laid on 4 August 2022. A letter from DWP's Director for Employment, Youth and Skills (Ian Caplan) to SSAC's Chair (Dr Stephen Brien) providing more information is held at annex B.

is a large or marginal change, how many people are in work and in the intensive work search group currently?

Around 15% of the UC intensive work search group are in employment, that equates to about 250k people – this change increases that group by 50%.

(b) The experience of labour market interventions for those with disabilities or health conditions has been problematic at times. How are you approaching the risks of dealing with that group, that for some they may benefit from the extra support but for others this may have negative effects?

The first work coach meeting will check whether that intensive work search group is the right one for them. The claimant commitment is tailored to them, taking into account their personal circumstances and the work they are currently able to do. There are safeguards in place and data from the In-Work Progression Randomised Control Trial (2015-18) showed that sanction rates in the RCT were overall very low, and only applied in around 2% of cases.

(c) Although there are safeguards do you know whether they are working? The disabled are a sizable group but there appears a lack of data of what has worked for them.

DWP has the opportunity to build that knowledge now there is engagement with this group. For example, in the Proof of Concept running in South Yorkshire, DWP is currently collecting information on this, and in the future, that data and evidence base can be built.

(d) What is the success rate of the intensive regime on the 250k people in work? Their progression rate should be better than those in the AET group. What gives the Department confidence that progression occurs in the intensive group?

Up until recently the main evidence was from a large, randomised control trial conducted from 2015 to 2018, but there are always attempts to gather more evidence. At the moment there is monitoring of those that are joining UC just below the AET (who receive intensive support) and just above the AET, who have no support at all, to see what happens over the next 12 months. Early internal analysis suggests being just under the AET rather than just over it can lead to higher earnings a year later. The reason for that is being determined.

The RCT also had a lot of qualitative research. The younger people, aged 18-24, benefitted most in the original trial. Those receiving help which is closest in

kind to the intensive group were finding permanent work and taking on job related training. Job related training does have a noticeable impact.

- (e) **About the 122k due to move, is there any breakdown on age? There are a range of schemes and support for this group, but is there funding available for such a large number of extra people being moved into these schemes?**

For those who would remain in the Light Touch Group, 7% are 16-24, whereas for those who would move into the IWS Group, 16% are 16-24.

Young people are more likely to be impacted by the change, they will have to work a higher number of hours to reach the AET – it takes 16/17 hours to reach AET at age 18. The rationale is that the evidence from the trial was persuasive in showing that young people respond well to intensive support. Further, providing more support for youth has long term impacts, helping them now mitigates problems in future. With Kickstart and other programmes all 16–24-year-olds are automatically entitled to a ‘youth offer’, which includes a 13-week program and youth hubs. Had they remained in light touch they would not get this support. Kickstart was a temporary measure during the pandemic. The labour market shows this is not necessary anymore, but there are still support measures in place for them.

- (f) **It is understood that the support young people receive helps them progress, and not fall into a bad early pattern. However, people aged under 18 or in an apprenticeship could be working well over 20 hours per week and still be in the intensive group. That seems quite onerous to still give them work related commitments. Can that be suspended for people in this scenario?**

For 16/17-year-olds it is the equivalent to 23.7 hrs per week. In terms of claimant commitments there will be a review making sure that the commitment is up to date, and that their requirements are tailored to that. Most importantly, work coaches have the discretion to switch-off requirements (easements). Circumstances, which might result in the discretionary switching-off of requirements are not defined in legislation. This allows for a flexible and appropriate response on a case-by-case basis. One example might be a claimant undertaking an agreed or voluntary work preparation requirement, where it would be unreasonable to impose work search/availability requirements. There is no maximum time limit for temporarily switching off requirements, although the decision to switch-off requirements must be reviewed regularly to determine if it is still appropriate.

- (g) Policy is to increase the National Living Wage substantially and to extend it to all those aged 21 and over. The likely outcome is that the number of hours someone aged under 21 has to work to reach the AET will increase – so why not link this to hours, rather than to a monetary amount?**

The intention is to reinstate the original level of the AET which has been eroded over time. There will be monitoring of how all this works to see whether there should be changes in future. This will provide opportunities to consider the most appropriate design of the threshold.

- (h) On the interim findings of the randomised control trial, does that separate by cohort, and when is the full picture to be revealed? If any further analysis of the data is available before this change comes into force it would be helpful to see it.**

There will be further examination of the trial, tracking people over slightly longer periods. For those either side of the AET there has been monitoring of that over the last 4-6 months, and there is consideration over whether that data should be published. There will be an attempt to look at sub-groups, but the data is not as robust when you get to that granular label. When the AET changes we will monitor that to see if the impacts of the change are as expected.

- (i) To clarify the purpose of the change, is the Department wanting to return the threshold back to where it once was, or was it because there is emerging evidence that being in the intensive group has beneficial impacts, or was it Minister's desire to increase the supply of labour at the current time – is any one of these dominant or is it a mixture?**

There is also a potential fourth reason, with the vacancies position the labour market is considered by some to be hot which could be driving inflation. The overarching aim though is that it will help people increase their incomes; the Department would be making this change as part of its wider focus on progression even if the labour market didn't hold as many vacancies.

- (j) For couples to reach the Conditionality Earnings Threshold (CET) they must double the rate for a single person, but this not the case to reach the AET. Is there risk of an ever-growing gap between the AET and the benefit rates as you have to earn more and more to escape from the intensive work search regime?**

For the CET and AET there is a consideration of where the right place is to draw lines. The AET was linked to Jobseekers Allowance (JSA) when it was introduced, looking at the single rate or couples' rate of JSA and the earnings

disregard, a single person rate of benefits plus £5, for couples £10. The CET is calculated based on the Minimum Wage and the number of hours people are expected to work and is tailored at the discretion of the work coach.

- (k) **As the UC system evolves there is an opportunity to decouple from the legacy benefits to which it was linked at the start. As things uprate in future can there be a greater rationality and coherence to these figures? There are various policies about uprating, based on prices or wages or other metrics, and it can seem random. Is there an overarching policy on rating?**

That is something in the policy space that can be explored in the future as part of the overall progression offer. The challenge to think more boldly about the objectives and to ensure the system is a good one.

3.5 The Chair thanked officials for presenting the regulations to the Committee and for answering members' questions. Following a period of private discussion, the Committee decided that the regulations could proceed without a requirement for formal reference.

4. The Jobseeker's Allowance (Schemes for Assisting Persons to Obtain Employment) (Amendment) Regulations 2022

4.1 The Chair welcomed Karina Stibbards (Deputy Director, Enhanced Employment Support), Will Dence (G7, Policy Team Leader, Restart Scheme Design), Lloyd Davies (Policy Advisor, Restart Scheme Design), Archie McCreath (Policy Advisor, Employment Conditionality and Flexible Support Fund Policy).

4.2 Introducing the regulations, Will Dence explained that the purpose was to allow referrals of Jobseeker's Allowance (JSA) claimants to the Restart Scheme operating in England and Wales. The eligibility of the scheme was recently expanded from only being for those unemployed on the Universal Credit Intensive Work Search Regime for a period of 12 to 18 months, to those unemployed for 9 months with no upper limit. The change will affect only those on income based JSA, not contributory JSA. Participation is mandatory, and a failure to comply without demonstrating good reason could result in the claimant being referred for low level sanctions. The Scheme involves a year's worth of intensive employment support.

4.3 The Committee raised the following main questions in discussion:

- (a) **The scheme is mandatory. Was there any consideration of making the scheme voluntary? Has there been any insight or leaning from voluntary schemes, such as the Scottish model, as to whether these can provide better outputs?**

That was considered but discounted principally on the grounds that it would not have seen as many claimants benefitting from the Scheme. The evidence shows that people who have been out of work longer need more support. These Scheme fits with existing conditionality requirements on these claimants and does not add a new conditionality requirement, but rather provides more support to claimants. It is important that the Department does not refer people for whom the Scheme would not be suitable, so there are clear eligibility and suitability criteria, and each claimant is considered individually. Claimants for whom participation in the Scheme is an unrealistic expectation won't be referred. The design of the Scheme prioritises positive, voluntary engagement as much as possible, but mandation provides a backstop where someone is avoiding taking the steps that are right for them.

(b) In matching the supply of new people with the demand, are there available mechanisms to increase or decrease the flow?

In terms of the numbers of UC claimants referred, the majority are flagged to work coaches by an automated system, so one can centrally allocate how many claimants will be referred for consideration each month.

The process will not be automated in JSA; consideration of eligibility and suitability will be done manually by work coaches. The numbers affected by this regulation change are relatively minimal. This means that there is no long-term need to manage numbers for this initiative, and those referred will be absorbed into the monthly referral profiles for the Scheme as a whole.

(c) Is this part of the Department's wider plans for Move to UC? There will be conditionality group and expectation conversations and an agreement with claimants in JSA, and when they move to UC that will be replicated. Is it not onerous for them to have the same conversation again?

For JSA there is only one type of conditionality regime – claimants must be actively seeking and available for work. Participation in Restart is not going to have anything to do with Move to UC, but it is possible that natural migration may occur where a Work Coach saw that the claimants' circumstances had changed during the referral process, or if the claimant had a change of circumstances whilst on the Restart Scheme. For example, if after starting on the Restart Scheme the claimant began working more than 16 hours per week, then their JSA claim would end and they would need to make a claim to UC. There have been ongoing discussions with the teams working on Move to UC, and there will be close working to make sure there is complementary guidance and to make the experience smooth for participants on the Restart Scheme and claiming Income Based JSA (JSA IB).

(d) What is the success rate of Restart? Is there an expectation of impact on the long term unemployed JSA group?

Income based JSA has been phased out, with no new JSA IB claims being possible since January 2021. As a result, this group of claimants on JSA IB have been on benefits for a long time. The Department would generally expect the job outcome rate to be lower than claimants who have spent less time unemployed. The Department has not created a performance expectation specifically for the JSA IB group.

(e) Is there is no reason to think the success rate would be different for this group, and are there not different outcomes expected for different tranches? Do the providers share that same opinion?

Providers are aware of and have agreed to all of the eligibility changes to the Scheme. The providers have not been asked to predict the job outcome rate for the JSA IB group. Referrals now contain the 9-12 month cohort, who will be closer to the labour market and the 18 month + cohort who are further from the labour market. We have designed the Scheme to encourage providers to engage fully with all participants.

(f) There is a group, those unemployed for longer than 18 months, who are very far from the Labour Market, but there is no distinct expectation of what their outcomes might be? Is this something that is expected to help them, or might it not be of much assistance? Could not data from the Work Programme be used to draw that out? What evidence is held that providers can deliver this support?

There is not a specific performance measure for that group. The Work Programme is not directly comparable to the current labour market context and the Restart Scheme customer group. There is an opportunity to make available the Restart Scheme's support offer to JSA IB claimants which is thought prudent to take. The Scheme will give more intensive support and tools to this group that they wouldn't otherwise have access to.

Many of these claimants have been on benefit for a long period of time, and the Department acknowledges that there will be some who have specific needs which mean they are not suitable for being referred to Restart. This is why the eligibility and suitability criteria are in place. The Department is confident that the level of support offered by providers will be beneficial. The providers gave a reassuring account of their ability to support people further from the labour market in their bids in the procurement phase.

The design of the Scheme also features measures to prevent the issue of 'parking and creaming', where the provider targets support at the easier to employ shorter term unemployed claimants whilst neglecting the harder cases. The Restart Scheme includes Customer Service Standards which ensure that there is a minimum level of contact and service delivered to all customers.

- (g) On the monitoring and evaluation is it worth seeing if there is a difference between people who volunteered an interest vs those who did not, in order to see the impact of mandation and the experience of different cohorts?**

Sub-group analysis is incorporated into the evaluation approach and it will be important to understand how different customer groups experienced the Scheme. There may be some limitations to what we can look at in the evaluation as the plans were developed and funding granted prior to the eligibility changes, but analysts are doing all they can to ensure the evaluation reflects the new changes as far as possible.

- (h) For this to be effective the role of the work coach is pivotal in order to make sure that claimants are referred to the correct scheme. What plans and performance management are in place to ensure they can manage this role? How will the Department assess whether claimants have been sent to the correct scheme?**

Work and Health Services are responsible for reviewing operational delivery, as part of a wider multi-disciplinary project to deliver the Restart Scheme which involved teams from across the Department. There will be no targets to hit for work coaches in the implementation of this policy as this can create perverse incentives. Work Coaches are supported with guidance to make the right decisions. The project is constantly tracking the suitability and percentage rates of referrals and acting where there looks to be any discrepancies.

Work has also been done to look across the whole suite of programmes available to understand who is being referred where, and we have responded accordingly. For example, on the Job Entry Targeted Support (JETS) scheme, which was designed for the newly (3-6 months) unemployed, it was noticed that some people were being referred who were unemployed for much longer periods (e.g. 20 months). Steps were taken to make the guidance clearer for which individuals were most suitable for which schemes and JETS, the Work and Health Programme and the Restart Scheme have had their eligibilities designed to minimise overlap. There is also a cross-cutting evaluation of the Plan for Jobs provision which will look at who was sent to each scheme.

- (i) There is a push factor to encourage participants into employment through Restart, but what are the pull factors for employers to get involved and offer work to participants? There are employers who may be reluctant to take on the long term unemployed, particularly small to medium sized businesses.**

This was considered in depth through the design and procurement phase. Whilst the Department allowed providers the freedom to innovate and design their own service offer, the Department introduced requirements into the specification for providers to engage with employers and other key stakeholders in the areas of delivery. Providers are required to have a stakeholder strategy and work with employers at strategic and local levels. The Department would like to see providers thinking about how they can get employers to offer opportunities in local labour markets, such as ways of getting guaranteed interviews with employers, or giving earlier notice on upcoming roles, or explaining what skills are required in a certain area? The Department would like to see Restart Scheme providers offer training to people to enable them to access those opportunities. With the Kickstart scheme the Department has built good relationships with a number of employers and we intend to maintain those relationships going forward.

- (j) Restart is not available to the New Style JSA group. Why can they not volunteer to be part of Restart?**

The Department does not deem it appropriate to routinely refer JSA (C) claimants to the Restart Scheme as the programme is designed for people who are long-term unemployed, and this isn't the case for these claimants. The targeting of only IWSR and JSA IB is also part of the value for money case for the programme.

However, the Department does recognise that in some cases it will be the right move for these claimants so there are routes to accessing the Scheme. JSA (C) claims count toward eligibility, so a Work Coach will consider them for referral after 3 months on UC following the end of their JSA (C) claim. If they are claiming UC concurrently with JSA (C) then they are able to be referred too.

4.4 The Chair thanked officials for presenting the regulations to the Committee and for answering members' questions. After a period of private discussion, the Committee decided that the regulations could proceed without a requirement for formal reference.

5. The Universal Credit (Work Allowance and Taper) (Amendment) Regulations 2021

5.1 The Chair welcomed Dave Hignett (G6, Universal Credit Policy) and Trevor Pendergast (G7, Universal Credit) to discuss these regulations which came into force in November 2021.

5.2 Introducing the regulations, Trevor Pendergast briefly summarised how the regulations came into force. During his Budget Statement, the Chancellor announced the Taper Rate (TR) would be reduced to 55%, along with increasing the Work Allowance (WA) by £500 a year and that the changes would be in place by the start of December 2021. This timescale did not fit with SSAC's normal timetable for considering regulations, but the Department wanted nevertheless to ensure that the Committee were consulted for their views, rather than invoking urgency provisions. After the Chancellor made his announcement, lawyers, analysts and policy officials worked to bring forward regulations so claimants actually received a payment from 1 December (after allowing time for payments to be calculated and to clear banking). With SSAC's agreement the Department was able to lay the regulations on 15 November and claimants started to receive increased payments from the start of 1 December. These changes will strengthen the Universal Credit (UC) incentives to start work or increase earnings. These changes reflect recent recommendations from the In-Work Progression Commission about improving incentives to progress in work.

Some of the points raised by SSAC at the informal meeting in November have been taken away and considered, such as the comments on publicising the change to enable those newly eligible for UC to claim. There has been work to advertise and make sure as many people as possible know about the changes, for example the Chancellor tweeted a video, as did the Secretary of State, Martin Lewis has covered this on ITV and on his website, the change has been publicised in a stakeholder forum, by articles in national newspapers, and Gov.uk has been updated.

5.3 The Committee raised the following main questions in discussion:

- (a) **The Committee was delighted to see these changes. When the Department considers such changes in the future how would it trade off the advantages of changing the TR vs changing the WA, and what is the most useful process for understanding that? For instance, should there be a billion pounds to spend tomorrow how would the Department know how best to spend that on the Secretary of State's priorities?**

Whenever considering policy changes the Department always has to balance priorities between different work incentives which are all designed to make work pay. In doing so it would always consider the available research and evidence from its analysts. It is important to remember that decisions on the work allowance and the taper are not made in isolation from other financial incentives in UC and also consideration of other barriers that claimants may face in

starting work or working more hours. More widely changes to UC have also to be considered against other Departmental priorities.

- (b) If there is some potential in changing the balance around the WA and the TR, what is the thinking in that space? What groups does the Department want to get into work, and is it better done through the WA or the TR?**

The Department does keep both the TR and WA under review and when Fiscal events occur whether further changes should be considered to improve the incentives to work in UC. The In-Work Progression Commission report analyses how increases to the WA and TR could impact. One of the themes from the report and also DWP research are that these incentives are not well understood by the public, research is underway to understand what people think, and how to encourage people to use them to their benefit. There is little point in having perfect incentives if no one understands them. The Department's thinking is not limited to any particular group.

- (c) Why not extend the WA for all claimants?**

WAs are currently targeted on those who have the greatest disadvantages in the labour market namely those with children and those with limited capability for work.

- (d) It was noted that in 2012/2013 the Administrative Earnings Threshold and the Conditionality Earnings Threshold used values which were pragmatically set in line with legacy benefits to put the structure in place, and recalibration could happen later. Now may be the time to decide whether to keep to those kinds of ratios, or shift to a more effective system, and not be bound by that history. Thinking again of that spare billion pounds, what else can the Department be on the front foot for?**

The Department appreciates that the measures that were introduced as part of UC's original design in 2013 were developed some time ago. The Department wants work incentives improved and is always thinking about areas where improvements can be made, what can be more effective at getting people in work, and making work pay, and removing those rules which impair people's ability to do that, particularly as we approach fiscal events. Thinking around such things around the WA and the TR, getting into work vs more work, are balanced against what else is going on in UC in relation to other priorities and the fiscal constraints. It should be noted that a number of claimants will be coming to UC from Working Tax Credit, which has to be borne in mind. Policy is therefore continuing to evolve based in the light of live running and the Secretary of State's priorities.

- (e) Regarding the changes to the WA and the TR, what has been the effect for the in-work group? What are the trade-offs and what is driving behaviour? Has the Department had the capacity to look into that?**

The analytical team did some work about work incentives, working with the In-Work Progression Commission team on their research, and on understanding of work coaches. Do work coaches ever mention the work incentives available, how many people are aware, once they are aware does it make a difference? There is the evidence on effectiveness of UC vs Jobseeker's Allowance.

- (f) This change was made quickly, however legacy benefit up-rating uses the previous September's figures to apply for the change in April, which will then last until the next April. Could the up-rating benchmark be made closer to the end of the financial year, or be done more than once a year, to help through periods of volatility?**

The up-rating is done across the whole range of the social security benefits, so that is beyond the remit of this team. One issue is that legacy benefit computer systems are not as modern as the UC system, and sufficient time is needed to enable them to make changes in time for April.

- (g) There is an issue around the interaction of UC and Housing Benefit rates for people in supported accommodation. Does the TR reduction improve this situation?**

It has improved it slightly, as claimants will have entitlement to UC further up the earnings distribution.

- (h) The Committee has seen these regulations and has recently seen others where there are a number of changes around work coaches, which has helped a more holistic perspective.**

This team is mainly concerned with work incentives, so our answers focus upon that, but there are other teams working on issues such as childcare and other barriers. It is useful to see how all the changes work together to show what has been happening in this space.

5.4 The Chair thanked officials for attending the session and answering the Committee's questions. The Committee previously agreed that these regulations could proceed in December 2021, therefore this session had been for information only.

6. Private Session

[RESERVED ITEM]

7. *Date of next meeting*

7.1 The Committee's next meeting was scheduled to take place on 16 March 2022.

Attendees

Guests and Officials

- Item 2: Alex Fleming (G6, SRTI & ESA Team Leader)
Dan Gatland (ESA, IIS, DMA Policy and Performance)
- Item 3: Sarah Morris (G7, Policy Team Leader, In-Work Progression)
Eleanor Sweet (Policy Team Leader, In-Work Progression)
Steve Waller (In-Work Progression)
Leana Scullion (Sanctions and Hardship Payments Policy)
Tom Younger (Labour Market Analyst)
Philip Thomas (Labour Market Analyst)
Dan Woodell (Labour Market Analyst)
Jessica Maddinson (Sanctions Analyst)
Aimee Vickers (Sanctions Analyst)
- Item 4: Karina Stibbards (Deputy Director, Enhanced Employment Support)
Will Dence (G7, Policy Team Leader – Restart Scheme Design)
Lloyd Davies (Policy Advisor, Restart Scheme Design)
Archie McCreath (Policy Team Leader)
- Item 5: Dave Higlett (G6, Universal Credit Policy)
Trevor Pendergast (G7, Universal Credit)
- Secretariat: Denise Whitehead (Committee Secretary)
Dale Cullum (Assistant Secretary)
Richard Whitaker (Assistant Secretary)

Dear Stephen,

The Universal Credit (Administrative Earnings Threshold) (Amendment) Regulations 2022

I am writing to update you on our plans to amend Regulation 99 (6) of the Universal Credit Regulations 2013 to raise the Administrative Earnings Threshold (AET). As you know, we intend to raise the AET to the equivalent of 12 hours per week at the National Living Wage (NLW) for an individual, and 19 hours per week at the NLW for couples. Doing so will result in an estimated additional 114,000 claimants receiving work coach support on a regular basis.

My team presented these regulations to SSAC in January and received clearance from the Committee on 4th February 2022. I am pleased to update that we are now in a position to move forward with the regulations.

The Secretary of State wishes to bring in the change as soon as practically possible, as raising the AET is a key lever for providing immediate support to low-earning households to increase incomes at a time of immense cost of living pressures. PBL has provided clearance for us to make and lay the regulations today. The praying period will be observed once the House returns in September, with the regulations coming into force date on 26th September.

By bringing these regulations into force as quickly as possible, including by laying the regulations in recess, the Department can start making the operational preparations for the AET rise and will be able to communicate openly with both staff and claimants impacted by the change, ensuring the necessary processes are in place for smooth implementation.

Except for the change to the coming into force date, the Statutory Instrument remains the same as that previously submitted to the Committee earlier this year.

I hope this letter will be helpful to the Committee. I would be happy to provide any further information that the Committee may require.

Yours sincerely,

Ian Caplan
Director of Employment, Youth and Skills

By email