

**Social Security Advisory Committee  
Minutes of the meeting held on 9 December 2020  
Caxton House, Tothill Street, London, SW1H 9NA**

Chair: Dr Stephen Brien

Members: Bruce Calderwood  
Carl Emmerson  
Phil Jones  
Seyi Obakin  
Charlotte Pickles  
Liz Sayce

Apologies: Chris Goulden  
Kayley Hignell<sup>1</sup>  
Grainne McKeever  
Dominic Morris

**1. Private session**

*[RESERVED ITEM]*

**2. The Universal Credit (Transitional Provisions) (Claimants previously entitled to a severe disability premium) Amendment Regulations 2021<sup>2</sup>**

2.1 The Chair welcomed to the meeting Nina Young (G7, Universal Credit and Employment Policy), Joe Cook (SEO, Universal Credit Policy), Steve Lawrence (SEO, Universal Credit and Employment Policy), Rebecca Wignall (SEO, Universal Credit and Employment Policy), Paul Towers (HEO, Universal Credit Policy), and Bridget Hornibrook (Legal).

2.2 Introducing the regulations, Nina Young provided the context for the regulations. She explained to the Committee that the Severe Disability Premium Gateway, which was introduced in 2019, prevented claimants who had entitlement to Severe Disability Premium (SDP) from claiming Universal Credit (UC) if they had a change in circumstances. By September 2020, DWP had paid over 16,000 claimants, who had already moved to UC, a monthly Transitional SDP payment (tSDP payment) and arrears, where due. The Department had started to convert these tSDP payments to a Transitional Element (TE) from 8 October 2020. Those TEs formed part of a claimant's UC award. From 27 January 2021, when the SDP

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<sup>1</sup> On maternity leave

<sup>2</sup> Questions posed by the Committee, and responses received from DWP, ahead of the meeting can be found at annex B.

## **AGENDA ITEM 1 MINUTES**

Gateway would be lifted, claimants would be able to claim UC and be considered for a transitional SDP element (as set out in these draft regulations).

2.3 The existing regulations contained the provisions for the tSDP payments for those entitled to SDP and who claimed UC. The regulations in front of the Committee would update the position to administer the payments from 27 January 2021, so that the SDP related payments became a transitional SDP element. They are then treated in the same way as the tSDP payments that have been converted to a transitional element to introduce consistency for those who are moved to UC by the Department. The Department was also introducing, and extending eligibility to one group of claimants, those who were claiming as a couple in legacy benefits. For couples under the legacy system, benefits were awarded to a “lead member” on behalf of them both. From 27 January, if a “lead member” was entitled to the SDP at the couple rate and the couple split either ex-member would be considered for eligibility to the transitional SDP element on making a claim to UC. The Department was trying to protect groups of people who were entitled to SDP and who would continue to be eligible to SDP at the point of making the new UC claim. Where a non-lead claimant was on a legacy benefit with a partner, and the couple separate and the non-lead claimant makes a new UC claim, it was not possible to identify the claimants automatically. Hence DWP would be targeting communications to that group to help them self-identify.

2.4 The following main questions were raised by Committee members in discussion:

- (a) For non-lead claimants, were there triggers that could alert to potential SDP entitlement or could the question be asked of every disabled person on making a claim to UC?**

DWP was able to check the systems to identify claimants who were entitled to SDP, but would rely on non-lead claimants self-identifying. Asking the question might seem simple but DWP’s experience of managing the SDP gateway had shown that, in practice, it did not provide accurate information from all claimants and could be confusing. Some claimants were not aware of what payments they were in receipt of and whether they were getting SDP, particularly as some could have been awarded SDP years ago. Given the small numbers involved, it would not be feasible to ask every claimant whether they were getting SDP as this, would be disproportionate and not relevant to most UC claimants.

- (b) Would the Department be asking disabled people coming onto UC, if they were in a couple who had separated and entitled to SDP payments?**

No, the Department would not be asking claimants, as they would not know who was in that group and whether they were eligible for the payments.

**(c) How would the Department communicate to claimants that they needed to self-identify?**

The Department was considering its communications strategy. Information would be placed on Gov.uk which would provide advice on who would be entitled to the payments. The Department was also working with DWP colleagues and was considering what information could be provided to Citizens Advice and other welfare rights organisations who worked with claimants who might be able to help identify such claimants. The numbers involved were small, so it could be difficult to identify them.

**(d) The Department was aware of the identities of partners of legacy claimants, should it not therefore communicate to that group?**

The Department was able to identify the claimant and their partners, but it would not know whether they would separate, and at what point they might make a claim to UC.

**(e) The Department would also know the partners who had moved onto UC, and that they were in receipt of SDP?**

There was no way of identifying those claimants automatically. The Department was making sure that guidance was available both to staff and claimants. Some claimants would contact DWP in the event that they noticed a shortfall in their benefit payments. The Department would ensure that staff were aware of these changes to help them identify potential entitlement in such cases.

**(f) In practical terms, how would DWP identify future claimants? Other than the complaint route, what other routes were there?**

Claimants on legacy benefits who were in receipt of SDP payments were aware that they were getting a significant amount. They might notice the difference on UC and question whether they should be receiving more money. It was a very complex area, and the Department was considering what else it could do to identify such cases.

**(g) What would claimants need to do to self-identify?**

Claimants could use the DWP helpline number or visit Citizens Advice for support when making their claims to UC. Through that route some claimants might be identified. The Department was also ensuring that the issue was highlighted to staff in guidance and that the changes were understood. The Department also needed to get the communications right. Claims made from 27 January 2021 would not all have health conditions or a disability. The Department was expecting 5,000 to 10,000 former SDP recipients to come onto UC over the next five years, and only a very small percentage due to separation from a former partner.

- (h) Have you looked into the reasons for a relationship ending? Changes such as one partner dying or going into care would mean legacy entitlements would stop. A decision to separate is often very stressful, but some of the other scenarios relating to the end of a partnership are even more sensitive. Some of the claimants might not have enough money, and there might be a delay for the trigger events to move to UC. The Department would have a higher strike rate if it was able to identify some cases through its existing systems, even if indirectly, rather than relying on claimants to self-identify.**

There was no interface between Universal Credit and legacy systems, but the Department agreed to look at the issue further.

- (i) Given the range of circumstances that claimants might be going through, was one month a reasonable period within which to make a claim to UC for claimants who were, for example, moving house or had been recently bereaved? Was there evidence supporting that approach?**

The Department had not looked at any evidence, but would review what evidence was available. The existing rules for the gateway, and also backdating, was one month, so the Department had built on that.

- (j) The Explanatory Memorandum presented to the Committee state “The current levels of SDP Transitional Payments broadly reflect the value of the SDP (£120, £285, £405)”. How do the two amounts compare?**

There was a difference of a few pounds, and was broadly the same i.e. £290 for SDP, and £285 for TE.

- (k) The rates for SDP were set in 2019, what consideration had been given to increasing the Transitional Payment rates in light of the increase to SDP rates?**

The Department had considered the position. The Department had converted the payments to the Transitional Element, which were not part of the up-rating process.

- (l) Up-rating during the managed migration programme meant that the five-pound difference would widen over time, unless Transitional Protection was also up-rated?**

Yes, it was considered. This creates a level playing field with those who are managed migrated, from which point the transitional element could erode over time.

- (m) In terms of equality impact, the Explanatory Memorandum noted that the rate for Limited Capability for work and Work Related Activity (LCWRA) was higher than the support group. The transitional element was reducing. Was there an analysis of winners and or losers? Was there an Equality Analysis that explained this? Would it be updated?**

The Department produced an Equality Analysis when it introduced the managed migration pilot regulations in 2019. It considered this point, and Ministers had approved the regulations based on that analysis.

- (n) The changes affect a small group of claimants. Were there any unintended consequences with the changes? Were there any risks or weaknesses that should be flagged in terms of fraud and error?**

No potential issues had been identified.

- (o) This change was triggered when someone moved to a new area in which UC had rolled out, leading to a legal challenge. The payments were lower on UC and, if someone made a claim to UC, the payment would reduce. Would you anticipate another challenge?**

It was not possible to know whether there might be other legal challenges. Ministers had decided to introduce special arrangements for the SDP group only to offer some financial protection to those who naturally migrated.

2.5 The Chair thanked DWP officials for attending the meeting and answering the Committee's questions, and confirmed that the regulations could proceed without the need for formal reference.

**3. The Tax Credits and Childcare Payments (Coronavirus and Miscellaneous Amendments) Regulations 2020<sup>3,4</sup>**

3.1 The Chair welcomed Michelle Mathieson (Tax Credit and Child Benefit Policy), Wendy Ratchford (Tax Credit and Child Benefit Policy), Saheed Dawood (Tax Credit and Child Benefit Policy) and Sophie Evans (Working Tax Credit Policy) to the meeting.

3.2 Introducing the regulations, Michelle Mathieson noted that they were the third set of Miscellaneous regulations introduced by HMRC to reflect Covid-19 support measures. She noted that the regulations clarified the rules for when the hours worked easements would or would not continue to apply to an individual as follows:

- For the duration of the CJRS scheme WTC claimants, who had found their work temporarily interrupted because coronavirus affected their ability to work their normal hours, could choose to remain in WTC and be treated as working their normal hours.
- Conversely, if claimants had a permanent change in their hours - they change their availability to work their normal hours or their employer changes their normal working hours - and it was not expected they would work their pre-covid hours they would lose entitlement to WTC but be eligible for the usual four week-run-on of WTC.
- When the CJRS ends those claimants still benefiting from the WTC hours easement would have eight weeks to re-establish their pre-covid hours. The reason for that was HMRC and HMT anticipated that once all restrictions were
- lifted there would not be an immediate return to normality, and it would be fair to allow claimants and employers to re-establish their businesses. If after eight weeks, or at any time during the eight weeks, there was a permanent change and the WTC hours eligibility was not met, the usual four week-run-on would commence.

Additionally, the regulations would:

- Extend the existing easements to cover claimants unable to meet the qualifying remunerative work rules due to periods of self-isolation.

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<sup>3</sup> These regulations were laid as *The Tax Credits, Childcare Payments and Childcare (Extended Entitlement) (Coronavirus and Miscellaneous Amendments) Regulations 2020*.

<sup>4</sup> Questions posed by the Committee, and responses received from HMRC, ahead of the meeting can be found at annex B.

## AGENDA ITEM 1 MINUTES

- Extend the existing easements to cover furloughed or coronavirus-impacted workers who start or end maternity leave, parental leave or sick leave.
- Allow any absence under the test and trace scheme, including equivalent schemes introduced in the devolved administrations, to be disregarded in the calculation of a person's hours of work.
- Disregard test and trace support payments and Covid Winter Grant Scheme payments and equivalent payments made by the devolved administrations.
- Disregard best start foods payments and Scottish Government mesh fund payments.
- Extend entitlement to Tax free childcare and 30 hours' free childcare to parents who are unable to meet the work conditions but who receive payments under the Coronavirus support scheme or other specified Coronavirus support schemes.

3.3 When first introduced at the start of the pandemic, the easements were expected to last only a few months as that was the initial length of the CJRS. As Covid-19 has had more of an impact, the CJRS had been extended several times and therefore it has been necessary to recognise more scenarios claimants are finding themselves in e.g. maternity / sick absences start and end, and therefore HMRC has had to make legislation clear where it had previously been silent

3.4 The following main questions were raised by Committee members in discussion:

- (a) **These regulations clarified some of the original policy intent, but what were the new changes made for WTC and how would they be communicated?**

Some of the changes were new, but other aspects simply provided greater clarification. Some claimants had been in the easement for so long, for example claimants on maternity leave or were off due to sickness that the current legislation needed to be amended to clarify the policy intent. Claimants who were coming out of work could also access the easement regulations. Claimants who were unable to work under the CJRS, or those whose businesses were closed, could remain and continue to claim WTC. These changes ensured that both furlough and temporary impacted workers had a maximum period of up to eight weeks to claim WTC. The regulations reflected changes made due to the extension of the CJRS.

- (b) **What was HMRC's communications plan for ensuring sufficient clarity was provided to both employers and claimants?**

HMRC updated the information available on Gov.uk in September. Now that CJRS had been extended, HMRC planned to wait until four weeks prior to CJRS ending before sending out further updated information. Sending out information too early could lead to confusion for claimants, and it was important to communicate at the right time.

**(c) Were any further changes anticipated?**

HMRC was confident that there were no further changes to be made to the regulations at the current time. However, it was important to note that the pandemic was a constantly evolving situation which the government was responding to, so it was not possible to rule out any future changes.

**(d) The CJRS had been extended once, would you need to develop more legislation to cover the different schemes, or would you plan to update this with any future schemes?**

HMRC was due to move from the CJRS to Job Support Scheme (JSS) in December. Claimants would be heavily impacted and Ministers were undecided whether to continue the CJRS and were considering whether the WTC easements should continue into the JSS. HMRC were waiting for the Chancellor to review the CJRS, future changes would need to be agreed by HM Treasury Ministers.

**(e) What engagement with employers was undertaken by HMRC?**

HMRC do not have any direct communication with employers in respect of tax credits, but it communicates through its Customer Communications Team and most of the information is made available on Gov.uk. It was the claimant's responsibility to inform HMRC of any changes in circumstance. HMRC generally only worked with employers to inform them of any grants, schemes or taxes to prevent mis-advice.

**(f) As HMRC discovered more changes in circumstances of claimants, what was the extent to which HMRC could say that all areas had been covered? Were there other changes of circumstance that could materialise in the near future?**

The Chancellor announced at the end of October that the CJRS would end in March 2021.<sup>5</sup> HMRC was not aware of any new schemes. HMRC worked with UC colleagues to mirror, where appropriate, the respective policy measures to prevent confusion. There was no impact on the Guardian's Allowance and Child Benefit. HMRC had a specific team that listened to issues in other areas, and work with policy, actively. HMRC also had regular meetings with stakeholder and advisers on claimant circumstances.

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<sup>5</sup> The Chancellor subsequently announced a further extension of the scheme to the end of April 2021 <https://www.gov.uk/government/speeches/chancellor-statement-to-the-house-furlough-extension>



**(g) Claimants' incomes would be affected significantly, due to not being adjusted over a period or incomes that have not met the criteria for Tax Credits?**

The income disregard for tax credits was £2,500, whether that be for an increase or decrease. Those who were on CJRS might be in receipt of just 80 per cent of their usual salary and those who were not part of the CJRS were getting less or no wages at all. It was important to understand that it might not be in the customer's best interest to remain on tax credits which is why they had a choice to access WTC using the easements or look at whether they may be better off on Universal Credit. When future easements are considered, it would be important to take that into account.

**(h) Do you provide any information to customers about the potential impacts. For example, whether Housing Benefit would be affected by reduced hours?**

There have been many discussions across departments on Covid-19 support packages and the impacts across welfare. HMRC would not inform claimants that their HB might be stopped, this would be done by the relevant department. HMRC did not encourage claimants to make a claim to Universal Credit, but would refer claimants to Gov.uk for information on available financial support. There had been instances where claimants moved to Universal Credit, after ending their WTC, and had subsequently regretted that decision as they were unable to return to WTC.

3.4 The Chair thanked HMRC officials for presenting the draft regulations to the Committee and answering Members' questions.

**4. Date of next meeting**

4.1 The Committee's next meeting was scheduled to take place on 27 January.

**Attendees**

Guests and Officials

Item 2: Nina Young (G7, Universal Credit and Employment Policy)  
Cook (SEO, Universal Credit Policy)  
Steve Lawrence (SEO, Universal Credit and Employment Policy)  
Rebecca Wignall (SEO, Universal Credit and Employment Policy)  
Paul Towers (HEO, Universal Credit Policy)  
Bridget Hornibrook (Legal)

Item 3: Michelle Mathieson (Tax Credits and Child Benefit Policy)  
Saheed Dawood (Tax Credits and Child Benefit Policy)  
Wendy Ratchford (Tax Credits and Child Benefit Policy)  
Sophie Evans (Working Tax Credit Policy)

Observer: David Reynolds (HEO, Housing Support, Housing Benefit in UC)  
*[Item 2 only]*

Secretariat: Denise Whitehead (Committee Secretary)  
Jaishree Patel (Assistant Secretary)  
George Watley (Assistant Secretary)

**Pre-meeting questions raised by Committee members, and responses received from the Department for Work and Pensions and HM Revenue and Customs.**

**The Universal Credit (Transitional Provisions) (Claimants previously entitled to a severe disability premium) Amendment Regulations 2021**

**1. Could we have an analysis of winners and losers, some scenarios to illustrate the impact in different circumstance.**

Whilst preparing to lay the Universal Credit (Managed Migration Pilot and Miscellaneous Amendments) Regulations 2019, we took the opportunity to increase the value of the SDP transitional payments. These regulations came into force on 24 July 2019. The increased monthly rates are £120, £285 & £405, which broadly reflect the rate of SDP payable in the legacy benefits. They also take account of the increased value of the UC limited capability for work and work related activity addition. The SDP transitional payments were not designed to provide full transitional protection but are intended to ease the transition to UC for former SDP recipients. These payments will continue to be available to all eligible claimants from 27 January 2021.

There are no direct losers from the changes that we are planning to introduce from 27 January 2021. The regulations are positive and ensure that:

- SDP transitional payments (referred to as the transitional SDP element in the draft regulations) remain available for new claims to UC following a change of circumstances (natural migration) made on or after 27 January 2021;
- where a couple entitled to SDP separate and make a new UC claim, both ex partners will be eligible to be considered for the transitional SDP element in UC (formerly called SDP transitional payment);
- where claimants are moved to UC as part of a Department mandated 'managed migration' and receive a Transitional Element (TE) payment, they will not be considered for a transitional SDP element. The TE will ensure that no eligible claimant who moves to UC as part of the managed migration will have a lower entitlement to UC, at the point they make their claim, than had been their final entitlement to legacy benefits.

**3. Has any consultation with the advice sector - or people with disabilities - been undertaken? If so, what?**

The regulations are a positive measure so no consultation was deemed necessary.

4. **In paragraph 22 of the EM it states “The changes to this Schedule ensure that where a couple receiving a legacy benefit including SDP separate and, within a month of that separation, make a new claim to UC as an individual, they will be eligible to be considered for the Transitional SDP Element in UC” Why only one month? Would three months after separation would be more reasonable?**

The department feel that a period of one month is sufficient time for someone to make a claim to UC and it aligns with the backdating rules within Universal Credit. It also mirrors the one-month period contained in the SDP Gateway regulations.

5. **A lot of the material is about transitional protection on changes of household composition. But doesn't transitional protection also apply when people move house, could the department please clarify this?**

SDP recipients who are required to naturally migrate to Universal Credit because they move house, will be entitled to the transitional SDP element if they meet the eligibility criteria.

**For context**

If members of a couple with one in receipt of SDP at the couple rate separate and one or either move house, then both ex-members of the couple will be awarded the transitional SDP element if they claim UC and meet the eligibility criteria.

If legacy claimants move house after receiving a migration notice requiring them to move to UC but before they make their UC claim, they will be considered for the transitional element. Consideration of the award of the transitional element will be made using any housing support received through legacy benefits for their new address.

Once awarded, the transitional SDP element will be immediately treated in the same way as the transitional element. This means that from the second Assessment Period onwards it will be eroded by the amount that an UC element already in award, other than the childcare costs element, is increased or by the amount of any newly awarded UC element other than the childcare costs element. So this will apply if a move leads to an increase in the UC housing element or the initial award of the UC housing element.

A change of address, in itself, will not automatically lead to the termination of the transitional element. However, if the move results from a change in couple status, the transition element will end.

**The Tax Credits and Childcare Payments (Coronavirus and Miscellaneous Amendments) Regulations 2020**

**2. Do the Regulations have retrospective effect? They come into force in January 2 (or 14? - the Explanatory Memorandum and the regulations give two different dates)**

No. HMRC are planning for a coming into force date of 14 January but:

**a) the Track and Trace payments they relate to already exist?**

HMRC Commissioners agreed to exercise discretionary powers in s9 of the Commissioners for Revenue and Customs Act 2005 in relation to the payment and management of tax credits for a temporary period pending the introduction of this SI. The payments have been disregarded since their introduction.

**b) the concessions for tax-free child care and 30 hours free child care finished on 31 October?**

The concession for TFC and 30 hours that applied from the spring did indeed end on 31 October. However the Commissioners for Revenue and Customs and the Secretary of State for Education both agreed in October to a new short anticipatory concession from 1 November to these regulations having effect to cover that period. The new arrangements to apply from 1 November (initially by concession) were announced on 26 October. HMRC has been applying this concession since 1 November, with the minor change that the government job support scheme relied on for employed parents has been the continued CJRS and not the JSS. Consequently there is no need for retrospective effect in relation to the TFC and 30 hours elements of these regulations.

**c) the short hours problem that these regulations tackle must have been in existence for much of this year?**

Yes, it has. HMRC received some questions from LITRG asking whether our first set of regulations in May which addressed this issue achieved the policy intent. HMRC believe they do but are looking to put them beyond doubt by refining the existing provisions. The policy intent remains unchanged.

**d) do the regulations apply to these earlier periods. If not how will people be affected?**

The earlier regulations were introduced to achieve the same policy intent but we acknowledge LITRG's observations and have sought to use this SI to provide clarification.

**3. Changes to regulations 5 (Time off in connection with childbirth, parental bereavement or adoption) and regulations 6 (Periods of illness, incapacity for work or limited capability for work) of the Entitlement regulations:**

**a) These amendments refer to Regulation 7E, which is an all-encompassing regulation. Should instead they refer to Regulation 7E(e) which specifically relates to Regulations 5 and 6?**

These regulations make clear the policy intent to allow claimants who have been in 7E (supported by the hours' easement) to still have access to regulations 5 and 6 of the Entitlement regulations as soon as they satisfy the rules for maternity/parental/adoption/parental bereavement or illness by referencing Reg 7E in both Regs 5 & 6. This has always been the policy intent but is currently not as clear as it could be. Regulation Reg 7E(2)(e) in the latest draft attached is also amended to make clear that claimants who have completed their maternity/parental/adoption/parental bereavement leave or period of illness can have the support of the hours' easement if they are impacted by coronavirus which is preventing them from undertaking their normal hours of work. The policy intent also remains the same in this respect

**b) But if they do that is there a risk the regulations are circular - ie Regulations 5 and 6 define a group by reference to Regulation 7E(e); but Regulation 7E(e) defines the same group by reference to Regulations 5 and 6?**

In respect of maternity/paternity/adoption/parental bereavement and illness etc the existing provisions are not sufficiently clear so we are looking to refine them through this SI by making an explicit link from 7E to the appropriate scenario. When looking at the requirements for the May regulations it was not expected claimants would require the temporary WTC hours easements for such a long period. Due to the extension of the CJRS and the continued interruption to work, it is increasingly possible for claimants to find themselves in scenarios such as these and will continue to be supported by the hours' easement up to their period of maternity, paternity etc leave and where appropriate immediately after it has ended.

**c) the Explanatory Memorandum paras 1.1 and 4.3 talk in broad terms about protecting the rights of people with maternity and parental leave, but the regulations seem specifically to apply only to paid time off for trips to hospitals or clinics for for 'treating or monitoring...disability'.**

**i. Is this narrow interpretation of the regulation correct?**

HMRC are only amending sub paragraph 3 of regulations 5 and 6 of the Entitlement regulations to add any persons who have been treated as in qualifying remunerative work immediately before the beginning of the period to include those who have been in 7E.

**ii. Why is it necessary to remove doubt for this group?**

LITRG have provided some case studies which we acknowledge would benefit from further clarity in the regulations. The policy intent remains the same.

**4. Paragraph 5 amends Regulation 7E so that a person loses their eligibility for tax credit if there's a permanent reduction in hours worked - even if they're still in a Coronavirus Job Retention Scheme.**

**a) Is this a new restriction?**

No. The hours easement is for claimants whose 'normal' hours satisfy the hours requirement of WTC. In effect, we are looking through the impact of Covid. However, if their normal hours change to the extent they no longer satisfy the WTC hours requirement, the easement will no longer apply.

**b) If so...**

**i. Isn't it contrary to the description in the Explanatory Memorandum which describe the provisions as beneficial?**

They are beneficial for as long as the claimant can still be treated as working their normal hours - the hours they are actually working during the pandemic are lower or they may not be working at all. Without the easement, many more WTC claimants would have fallen out of entitlement within a few weeks of the impact of Covid causing their hours to reduce. For example, pre Covid a claimant with a contract for 10 hours of work a week has been working 30 hours a week for the last two years. His normal hours are, therefore 30 hours a week. In May 2020 he was furloughed and his wages partly paid by his employer via the CJRS. He was and continues still to be treated as normally working 30 hours for the purposes of WTC. In January 2021 he is told that the business will be partially re-opening but he will not be getting 30 hours of work a week. The most his employer is able to offer him for the foreseeable future will be his contracted 10 hours a week. His normal hours from January will be 10 hours which is under the WTC requirement so the easement will no longer apply.

**ii. Does the change or head off a potential problem, or is there evidence that it already exists?**

The problem would have existed within a few weeks of Covid affecting hours of work but for the early introduction of the easement which has continued to support those whose normal hours are treated as unchanged. Nonetheless, some WTC claimants do see a reduction in their normal hours and will cease to benefit from the easement if that means they fall below the hours requirement of WTC.

**c) What counts as a 'permanent' reduction?**

The WTC hours requirement is one of normal hours rather than permanent hours. If the claimant expects their normal hours to be different in the future, they should notify HMRC when they expect their new normal hours to take effect. This could happen at any time during or after Covid and has always been the case pre-Covid.

**d) How does an employee or HMRC know that it's permanent?**

There are many reasons why normal hours may change and tax credits has always required claimants to notify us of such a change. The WTC easement was introduced to help those claimants temporarily impacted by Covid who expect to return to normal hours. Their employer may have told them as per the example above or they may have decided themselves that they will be reducing their hours (for reasons not related to Covid such as partial retirement or additional caring responsibilities).