

**Social Security Advisory Committee**  
**Minutes of the meeting held on 31 March 2021**  
**Caxton House, Tothill Street, London, SW1H 9NA**

Chair: Dr Stephen Brien

Members: Bruce Calderwood  
Carl Emmerson  
Kayley Hignell  
Phil Jones  
Grainne McKeever  
Dominic Morris  
Seyi Obakin  
Charlotte Pickles  
Liz Sayce

Apologies: Chris Goulden

**1. Private session**

*[Partially reserved item]*

***Postal Regulations***

The Committee agreed the Postal Regulations sub-group's recommendations that the following regulations may be cleared by correspondence:

- *The Social Security (Coronavirus) (Miscellaneous Amendments) Regulations 2021*
- *The Social Security and Tax Credits (Miscellaneous and Coronavirus Amendments) Regulations 2021*

The Chair asked the Committee Secretary to notify the Department that the regulations may proceed.

**2. The Universal Credit (Extension of Coronavirus Measures) Regulations 2021**

2.1 The Chair welcomed the following officials to the meeting: Kerstin Parker (Deputy Director, Universal Credit Policy), Dave Hignett (G6, Universal Credit Policy), Zoe Garrett (G6, Universal Credit Policy).

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2.2 The Committee noted that it had already cleared the regulations without the need for formal reference, and the regulations had been laid. However, Members welcomed the opportunity to discuss aspects of the proposals further.

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

- (a) **There are two elements to these regulations – one about the £20 Universal Credit (UC) standard allowance uplift and the other about the suspension of the Minimum Income Floor (MIF). Firstly, the UC uplift. There is the question of why it did not apply to legacy benefits. There were originally two answers – one it was not operationally possible at the time, and two that the priority was to cushion the economic shock of people newly moving onto UC. It seems that the rationale is now just about lessening the shock, but does not that apply to anyone coming out of work and going onto benefits? Why does that just apply to people affected by the Covid situation and not more broadly?**

When the Chancellor announced the uplift it was part of a suite of measures not just to support the individuals in question but also as part of a wider package to support the economy. These were brought in to support people whose incomes were affected by Covid and to help with the broader economic support for the crisis. It should be looked at alongside the Furlough Scheme and the SEISS scheme, as part of a package suitable to respond to an unprecedented situation.

- (b) **So the rationale is not only to soften the blow to a new set of people claiming UC, and mitigating the financial shock for them, but it also provides an economic stimulus. If those are the principles, wouldn't they apply in any economic downturn?**

At the moment a crisis hits you look at the levers you can pull, which would vary dependent on the nature of what you're dealing with. The Chancellor was keen to signal large scale support for people across the board, and this was one part of that wider package of measures, it should not be looked at it in isolation. The DWP is looking at supporting people financially, but there is a difference between 100,000 people coming on to UC and three million, and those large numbers make it a macro-economic policy to some extent.

- (c) **There are three cohorts here – the people who were on UC prior to the pandemic whose income has not fallen, the people on legacy benefits prior to the pandemic whose income has not fallen, and people who claimed UC during the pandemic. If the intent was to target those who suffered from the shock caused by the pandemic, then one could target just those who claimed UC during the pandemic. Or, if the intent was macro-economic then could not all three cohorts have been targeted?**

The UC uplift is a lever but it is a relatively broad one. The uplift was implemented because of Covid, and it was being looked at from a DWP angle – what is the best measure that DWP could do to enable support? A lot of

people would have a sudden drop in income at the same time and this was the way of supporting those people. Yes, some people who didn't see a drop in their income also benefitted. So, it is not as targeted as that, but at the point of last year a number of options were looked at, and programme and IT constraints did come into that. It is not thought possible to just target those UC claimants whose incomes had dropped.

- (d) The operational constraints in April 2020 would have been understandably large. However, in the period since could different ways of targeting have been considered?**

Thinking back to Autumn 2020, when the Department announced the wider up-rating rates, one needs to look at what was happening in the UK with Covid at that time. It was not known that the uplift would definitely be extended, it was a temporary measure for the financial year, although there were discussions needed as circumstances changed. The six-month extension announced at Budget 2021 was not something decided long ago. The original uplift was meant to be for 12 months, but as the Covid numbers ticked up and further restrictions were introduced, an extension to the uplift was considered. So, looking again at the options at that time, they were limited. Was it known the Department would be extending much earlier than there may have been a wider range of options available – of course that may not have changed the outcome.

- (e) Thinking of the people who were on UC prior to the pandemic, and those that claimed through the pandemic, have you done any comparative equality impact analysis on those two groups?**

Ministers considered the equality considerations but with UC it is difficult to differentiate and most UC claimants were positively impacted. Separately, it was recognised that there was a distinction between the cohort of pre-pandemic UC claimants and the others, but with the tools we had it could not have been so targeted.

- (f) On UC, the uplift will be removed in October 2021. The job market will still be tough at that time - what advice and support will there be for those affected people?**

The Department is very conscious of this, not least because the cohort who claimed UC once the uplift was in place will never have been in receipt of the lower rate, so for them it will simply be a reduction rather than a temporary uplift. There is an awareness that this must be managed properly, not least to ensure that we are able to cope with the influx of calls and so forth when so many millions of people are affected. It will be looked at in detail in due course and there will be many variables that need to be worked through beforehand.

- (g) Regarding the UC uplift, whenever there is a drop in benefit there is a possibility that a period of chaos will follow, potentially leading to a further change of policy – so have options been looked at for unravelling the temporary policy?**

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As has been done throughout the different phases of the pandemic, each time it is considered what is likely to happen, what the response to that would be, looking into the detail and going through those same planning motions. The options are examined and what is required to manage them and avoid that chaotic situation. The Department is aware of the potential problems, and the risks of being overwhelmed without proper management and communication.

**(h) Looking beyond October 2021 is there a set of forecasts or modelling of people entering and leaving UC that you are looking at?**

The Department uses the official unemployment forecasts (produced by the Office for Budget Responsibility). These factor in the expected impact of furlough ending, when an influx of claims may be expected. So there are forecasts and work is ongoing with analysts

**(i) How does a claimant know if they would be better off on UC than legacy benefits? Couldn't people who were better off transitioning during the uplift period find themselves worse off once the uplift finishes?**

There are calculators available which can tell people that information. However, they only provide an indication, they cannot be exact. People may still be better off without the uplift. One needs to factor in the other benefits as well. Until people claim UC they will not exactly know. That ambiguity is acknowledged. The Government has always been clear that the uplift is temporary, claimants are told that the calculators are out there and they can check the approximate position.

**(j) Moving onto the suspension of the MIF. We are aware of the potential of many 'zombie' businesses and self-employed people. Once you start re-engaging with them are you looking to move people from self-employment to jobseeking to employment, or move self-employed people to different types of business?**

If someone's business is not viable anymore and is unlikely to be viable after the Covid period, then the same support would be given to them as is given to others to find alternative sources of income. For a viable business which may be considered likely to bounce back after the Covid period, it would not be desirable for them to abandon that business. The guidance will be designed so that difference is accounted for and realised. The Department will be looking to identify which business will be viable - this is where the gainful self-employment conversation comes in and placing them into the right conditionality groups.

**(k) You mentioned guidance, what did you have in mind?**

That is being worked through with operations and Ministers. Regulations covering this will be put before the Committee in the near future.

**(l) If someone wanted to change business direction – from something non-viable to something viable – what would happen then? Do they get a restarted period of 12 months' start-up relief from the MIF? If not, without**

**some careful discretion applied, could it push people out of self-employment?**

They may still have the MIF applied. There is some discretion but if you have already benefitted from the 12 months' start-up period, you would not be able to have that again.

- (m) The work coaches are skilled and dedicated in getting people into employment, but running one's own business is quite distinct from getting into normal employment. What level of capability do the work coaches have on this, which is more akin to business mentoring? What are your views on the efficacy of the self-employment advice and advisors, when it comes to managing businesses?**

There are around 5,000 specialist self-employment work coaches. The Department is conscious that some have been moved into other areas during the pandemic. They will need to have refresher training, in readiness for the MIF suspension ending. DWP's work coaches are excellent and this has been set up specifically to help self-employed claimants. It is an area of risk but that risk is known and is being managed. There is investment into the work coaches so they are fully trained and able to do those assessments, and are ready for restarting the MIF.

2.4 The Chair thanked DWP officials for attending the meeting and answering the Committee's questions.

### **3. The Social Security (Claims and Payments) (Amendment) Regulations 2021**

3.1 The Chair welcomed the following officials to the meeting: Michael Bond (G7, Fraud, Error and Debt Strategy), Damien Johnson (G6, Fraud, Error and Debt Programme), Tanya Kempe-Tummon (Her Majesty's Treasury), Edgar Craven (Lawyer, Government Legal Department), Pedro Imperico (Lawyer, Government Legal Department).

3.2 Introducing the item, Michael Bond explained the purpose of the Breathing Space policy and the regulations. He noted that Breathing Space, as an overarching policy, was a 2017 manifesto commitment to support people with problem debt. The person takes debt advice, and if taken onto the scheme is granted a 60-day period of time in order to seek solutions. During those 60 days they are protected from creditor action. For DWP there are debts owed through benefit overpayments, but the Department also deducts from benefits to pay third parties – which can be for arrears and current consumption. For current consumption deductions can only be made if the debt portion is also being reduced, or if the debt has already been paid. If there is a suspension to the deduction for the debt through the Breathing Space scheme, on current regulations it would not be possible to deduct for ongoing consumption, which allows the customer to build new debt. These regulations make the change which allows ongoing costs to be deducted. On top of the standard Breathing Space policy, there is also a mental health crisis mechanism which lasts as long as their crisis treatment does, plus 30 days. In terms of third party deductions, Michael provided

clarification of what is in scope. UC overpayments are in scope on day one, but advances and existing third party deductions are out of scope, although would be brought in at a later date. The deductions stop for arrears but deductions for ongoing consumption costs should continue. Debtors cannot apply for new third party deductions during the breathing space period.

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

- (a) **The face value logic of managing the multiple sources of debt in this manner was clear. However, was there any evidence that showed this was an effective way of getting someone out of debt? Are there statistics, say over an annual period, that demonstrate the efficacy of this working, in bringing people out of debt?**

The regulations have been made and they dictate what a qualifying debt is and the ongoing liabilities. That's why the proposed amendments need to be made, in order to align with the breathing space regulations. There is no data on the effectiveness, but it is known that the feedback is positive – it does protect people from hardship. There are maximum amounts that can be deducted from benefit. These deductions, for housing costs and utility costs are high up the priority order of debts - the whole ethos is to protect people from hardship.

- (b) **Will anyone be seeing increased deductions as a result of this policy? Whilst you have said you can't have fresh applications for third party deductions, is it possible for the amount actually deducted to rise?**

There may be a small number who might not see a benefit. Because deductions for court fines are below deductions for benefit overpayments in the priority list, then a court fine (which is excluded from the Breathing Space moratorium) could fill the gap created by the suspension of the benefit overpayment deduction. The impact is to be closely monitored and it will be seen how many of those customers are impacted by that risk. A marker in the computer system has been set up so it can be seen what is going on with the Breathing Space customers, check behaviour, calls from the benefit recipients, or calls from debt advisors, so that will be tracked closely. There is an ongoing funding stream so amendments can be made on an ongoing basis, and the service improved based on that evidence. In terms of taking more money from the debtors in deductions the Department is confident that would not happen. There can be no new third party deduction requests, the system will pick up they are on the Breathing Space scheme.

- (c) **The central point of the policy is to prevent vulnerable people from hardship. However, it appears that you can still be taking significant percentages of someone's applicable amount in deductions during the Breathing Space period. Does that align with the aim of protecting people from hardship?**

This is beyond the specifics of the Breathing Space policy. The Department does have the power to deduct those monies. The debtor can contact the Department to discuss the deductions, and there is the ability to have three

month deferrals for UC advances, but there are constraints - the constraints of the regulations. Breathing Space will help, by providing that debt relief of arrears for 60 days – but these questions cover the overall deductions policy. There is a review of the general policy ongoing, and whether changes need to be made.

**(d) How does the process work in practical terms?**

A person with problem debt will approach a Debt Advisor. The advisor will have a conversation with the customer to see they are an appropriate person for the Scheme. The advisor will have a new tool - the insolvency service portal – in order to register the individual. The DWP will receive notification of this registry via an interface in relation to the person's DWP debt. Where there is a third party deduction underway the portal sends the notification to the creditor. The creditor then notifies the Department in order to stop that third party deduction. A specialist e-mail address has been set up for that, so the case can be identified and processed in 24 hours. The Department then put a stop in place for arrears deductions but can continue to deduct the ongoing costs on their behalf. If that does not happen then for the 60-day period the person would have to arrange to pay their own bills, and then at the end of that period revert back to the Department paying their ongoing costs. By putting these deductions in place evictions, or people having their utilities cut off, are prevented. The fact their bills are being handled by DWP is a massive burden off their shoulders. In some cases, the debt advisor will be talking to the creditors and may even ask them about getting rid of debt entirely. These regulations allow this process to go smoothly. After 60 days the creditor informs the Department the process is complete. The way the current legislation works would prevent the Department from taking deductions, so this policy can only be achieved with this legislative change. It is because of the wording in the *Social Security (Claims and Payments) Regulations 1987* that the Department is prevented from taking on ongoing liabilities until the whole debt is cleared. So that would interfere with the purpose of the Scheme.

**(e) In terms of the process working smoothly are there disputes between customers and the Department about how these things are meant to work? You mentioned the mental health crisis mechanism, which ends 30 days after the crisis is resolved. When does the mental health crisis stop, that could be quite arguable, so how is that determined and resolved?**

This should be clear cut. The information comes from a mental health advisor through to the debt advisor. Until that person is signed off by the mental health advisor the moratorium will not be stopped. Only when this confirmation is received can the process be stopped, after the 30 day run on. It does not apply to just anyone with a mental health problem. There are specific criteria, including the kind of treatment they are undergoing. They are only eligible during that period of treatment plus 30 days, so there should be little room for argument.

- (f) Are negotiations undertaken by the Department with the creditors on the deductions? Could an attempt be made to pause the ongoing consumption costs during the Breathing Space period?**

There has been discussion with companies since the start, and there is little risk in the way the creditors can manage the scheme. The rules are very detailed and specific and it is a last resort to begin with. There are many mechanisms for trying to manage the debt before this stage is reached. In terms of ongoing costs, the Department are stepping in to protect the individual – they can lose their home, or essential services. The ongoing liabilities cannot be paused. This scheme provides a protection on recovery of debts, but also from creditors incurring further losses. It is not a holiday from making ongoing payments.

- (g) Do you have numbers for how many people will not see an improvement in the amount of money deducted from their benefits? And also, what other help is there for someone in this position?**

It is not known in advance who will actually be involved, so there will be monitoring of the details. In terms of other schemes – it is being looked at whether deductions for Court fines can also be paused, which would reduce the chance of any reductions in benefit deductions caused by the Scheme being offset by an increase in deductions for Court fines. If a customer contacts the Department it can consider reducing the debts owed to DWP, or even removing them entirely. With UC advances there is also a three-month deferral. So there are other avenues to deal with this debt. Third party creditors - utility companies, landlords, local authorities etc - understand the process, and know that there are other avenues which should be made available to debtors where appropriate.

3.4 The Chair thanked DWP and HM Treasury officials for attending the meeting and answering the Committee's questions. Following a period of private deliberation, the Committee decided that it would not take the regulations on formal reference and that they may proceed.

#### **4. The Housing Benefit and Universal Credit Housing Costs (Executive Determinations) (Amendment) Regulations Northern Ireland 2021**

4.1 The Chair welcomed the following officials to the meeting: Philip Cairns (Policy Lead, Department for Communities (NI)), Una McConnell (Head of Working Age Benefits, Department for Communities (NI)), Rosemary Hughes (Policy Lead – HB, ESA, BB and SSP, Department for Communities (NI)), Sinead Donnelly (SEO, Housing Policy, DWP), Sara Mason (G6, Head of Housing Strategy, DWP) and Kelly Flett (G7, Team Leader, DWP)

4.2 The Committee noted that these regulations were already laid and in force. The following main questions were raised by Committee members in discussion:

- (a) The statutory instrument for the Great Britain equivalent of these regulations was done through an Order. This Northern Ireland instrument**



**is done via regulations. The Committee cannot formally scrutinise an Order, but we can formally scrutinise the regulations. Parity means there is a limited opportunity for changes to be made by Northern Ireland. Can you explain why the process works this way?**

It has always been the case – it has always been legislated in that way, through an order. The GB order is always provided to SSAC before it is published. This will be taken away to understand the difference.

- (b) You have provided some interesting commentary on equalities. Could you say a bit more about equality impacts, for example whether there is information on the differing changes in rent levels in different sized properties, thereby perhaps having impacts on certain groups such as those with dependants, or disabled people. Have you explored those differences?**

A full equality analysis was not undertaken at the time due to workloads. That analysis is underway now, looking at sex, single parents, dependants, those with a disability premium. Any questions that ask people to identify their religious belief or political opinions are treated with suspicion. There are limited staff covering this and a range of other benefits. This was an exceptional year due to the impact of COVID. Normally the equality impact would be done in tandem with the introduction of the regulations but it was not possible this year. If some significant and obvious issue became apparent along the way it would have been addressed, but in any event any change that could be made would have to go to the Executive for agreement as any spending increase would reduce the rest of the block grant. Monitoring of the Local Housing Allowance and affordability is carried out by The NI Housing Executive, and the Discretionary Housing Payment, which is administered by the NI Housing Executive, is used to make up shortfalls. The Minister wanted the Local Housing Allowance rate to go up to the 30<sup>th</sup> percentile level but due to the financial cost to mitigate this, parity was maintained, with the assurance that Discretionary Housing payments were available to help those impacted by this freeze. As already stated, the Discretionary Housing Payment scheme is administered by the NI Housing Executive and the Department for Communities has no control over those decision makers, however they work to guidelines agreed with the Department.

- (c) On the issue of equality impacts, I understand the sensitivities, but can there be better collation for the non-sensitive aspects? If there is a problem with funding to meet a certain impact, then making the case for that before this Committee may result in support for that need, but you would need the data to evidence it.**

There are always difficulties on religion and politics, and that information is not required for the claimant to get the benefit, so if they see that question they will not want to answer it. For less sensitive characteristics that information would have been collated in a normal year. That information can be shared when the analysis is done. The Minister did not want to make these regulations, and she

wrote to the Secretary of State concerned about the freeze, especially for families.

- (d) Looking at the possible adverse consequences of the freeze of the rates, how does one approach ideas on what might be done differently? Parity does not have to be automatic, it should be justified. Is there a financial necessity to maintain parity in this case?**

Parity is nearly always applied. Previously Stormont was not sitting. Generally, GB regulations are produced and parity is maintained with them. Parity is maintained but NI has, on occasion, then mitigated these changes, for example, through Welfare Mitigations of the Social Sector Size criteria and the Benefit Cap. The Minister wasn't happy with these regulations, but it was felt that parity had to be maintained on this, and the only way to mitigate it was the use of Discretionary Housing Payments.

- (e) In March 2020 Local Housing Allowance rates were reset at the level of the 30<sup>th</sup> percentile. Now they are frozen at that same level there is no relation between the 30<sup>th</sup> percentile and the LHA rates. In various areas there have been substantial increases in rents. What is the policy about how the rate levels will be amended in future? Will there be a rationale rather than to freeze at a certain date in the past, regardless of significant changes to actual rent prices?**

They were maintained at the April 2020 rates. For a number of households there would have been a decrease in the rate – so for this year the decision was to maintain them. The Department will be looking at the Local Housing Allowance rates for next year, and looking at the 30<sup>th</sup> percentile data. That data is collated and monitored. There is no rationale in place to freeze the rate for 'x' number of years. It was a difficult decision this year due to Covid, and the decision was to maintain. But it will be reviewed afresh for next year.

- (f) What rules or criteria trigger an increase, locally? Say, if the actual rates go adrift from the set rates by a certain amount would you reconsider the level?**

The data produced by the rent officers is analysed, which informs the next year – the policy is always to look at the local markets and review.

- (g) One feature of the freeze will be that some areas, or types of property, will be 'winners' - the broad rental market price will reduce – and some will be 'losers' – the broad rental market price would increase. Could there be an offset between winning and losing areas?**

No individual actually gains in cash terms, though they may have a lower shortfall, but for this year it was felt important to maintain stability, rather than changing the rates.

4.3 The Chair thanked officials from DWP and the Department for Communities for attending the meeting and answering the Committee's questions.

## 5. Carers and Carer's Allowance – an update on developments

5.1 The Chair welcomed Mark Knight, G7, Carer's Allowance Policy. Introducing the item, Mark outlined a number of developments that had taken place over the course of the previous year. In particular, he noted that:

- The Department dealt with some changes related to how Covid affected care patterns. It was made sure that carers did not inadvertently drop off Carer's Allowance due to being unable to care for people in the same way – breaks in care were extended and 'emotional support' was allowed to count as caring. These easements have been extended a few times and are due to expire at the end of August 2021. Relatively low numbers have taken advantage of these easements, but it was greatly appreciated by those who did.
- Stakeholders had questioned whether DWP had the rate of Carer's Allowance correct, and in a Judicial Review case had to defend the policy of not increasing the benefit by £20 in alignment with the UC standard allowance uplift. The Department was successful in that case but further challenges may come in other legacy benefits. The rate itself increased in April 2021 to £67.60 a week, an increase aligned with the Consumer Price Index at 0.5%.
- The earnings limit was not increased as OBR forecasts on average earnings showed a decrease in average earnings, so that remained as £128 net a week. There is a wider discussion as to why the earnings limit is not linked to a level equated with 16 hours work at the national living wage.
- A particular success was the Department's work, with the Department of Health and Social Care and NHS England, to help identify the Carers' priority group for the Covid vaccine rollout. DWP identified 550,000 carers to get an early vaccine.

5.2 Members raised the following main questions in discussion:

**(a) The issue on the £20 uplift, what were your considerations on that?**

In considering whether to increase it, at the time (March/April 2020) there was the problem of the IT system which could not be updated. Of course we have now had another uprating cycle where rates were changed so the focus is back with the policy issue itself. The Ministerial view was that, rather than implementing a £20 CA increase, which would cost £1 billion gross, it would be better to increase through UC. A CA increase would have gone to many better off households but by doing it through the extra UC uplift it becomes targeted at the households in most need.

**(b) What was the Court finding on the Judicial Review (JR)? Would it be useful to talk about the 16 hours at National Living Wage?**

The JR was in two stages. At the first stage the question was whether the failure to uprate CA was discriminatory, but once the claimants realised that the rate was set by Parliament they tried to change the basis of their JR. The Court did

not agree, arguing the case was not arguable in any case as the Secretary of State had made choices which were perfectly legal. The Court of Appeal then refused to hear an appeal.

On the earning's limit DWP has a cluster of carers working at 16 hours per week, partly because of Working Tax Credit thresholds and child care support. The National Living Wage at 16 hours earns around £140, more than the £128 earnings limit, so one can see the rationale for the change. The Department is researching this issue currently, looking at the motivations for working and not working – and are expecting that to be completed during the summer. That gives an evidence base for an informed decision on the merits of increase. In response to a parliamentary question on this issue it was stated that they would look at the “evidence with an open mind and consider a change to the rate if affordable”, so that evidence is being produced. The Department would come back to the Committee with that report when complete.

- (c) The changes that were introduced during the pandemic, particularly the emotional support easement, with mental health care done remotely and a blended approach – what have you learnt about that and the impacts of that, and will it stop?**

There is no data on individual carers. It is known that a small number of people have found it helpful in reducing their risk, by giving support over the phone and online. It was discussed with Ministers, but there was a concern that if it was the norm that some people who did need the physical care would not get it. This will be monitored going forward, but the emotional support and extended breaks in care easements will eventually be stopped.

- (d) It is good to know that research is being undertaken on the National Living Wage issue. What of the overpayment issue of those who have gone over the earnings limit?**

It is much better to stop that happening in the first place. It usually occurs because they were not declaring their earnings. There is now a system in place to look at Real Time Information from HMRC and there will be an attempt to plug RTI information direct into our system. There will be some complications, and there will be aspects DWP would have to do clerically, but for most people it means they would not have to tell the Department directly. That will also mean staff can move from more manual tasks to more complex ones. There is not proposed to be a change in policy.

5.3 The Chair thanked Mark Knight for providing a helpful update to the Committee.

## 6. Private session

*[Reserved item]*

**Attendees**

Guests and Officials

- Item 2: Kerstin Parker (Deputy Director, Universal Credit Policy),  
Dave Hignett (G6, Universal Credit Policy),  
Zoe Garrett (G6, Universal Credit Policy).
- Item 3: Michael Bond (G7, Fraud, Error and Debt Strategy),  
Damien Johnson (G6, Fraud, Error and Debt Programme),  
Tanya Kempe-Tummon (Her Majesty's Treasury),  
Edgar Craven (Lawyer, Government Legal Department),  
Pedro Imperico (Lawyer, Government Legal Department).
- Item 4: Philip Cairns (Policy Lead, Department for Communities (NI)),  
Una McConnell (Head of Working Age Benefits, Department for Communities (NI)),  
Rosemary Hughes (Policy Lead – HB, ESA, BB and SSP, Department for Communities (NI)),  
Sinead Donnelly (SEO, Housing Policy, DWP),  
Sara Mason (G6, Head of Housing Strategy, DWP),  
Kelly Flett (G7, Team Leader, DWP)
- Item 5: Mark Knight (G7, Carer's Allowance Policy)
- Secretariat: Denise Whitehead (Committee Secretary)  
Jaishree Patel (Assistant Secretary)  
Richard Whitaker (Assistant Secretary)

## Pre-meeting questions raised by Committee members, and responses received from the Department.

### **The Universal Credit (Extension of Coronavirus Measures) Regulations 2021**

#### THE POLICY RATIONALE FOR THE UC UPLIFT

1) It is noted that the policy justification for not extending a similar uplift to the legacy benefits is given in the current paperwork as follows:

***“The Government believes that legacy claimants are unlikely to have faced the same level of financial disruption as people who have lost their jobs or had reduced income due to the covid-19 pandemic and essential restrictions. In addition, no new claims for Legacy benefits are possible as they have in effect been abolished for new claimants.”*** (p2)

However, when the Committee scrutinised the original version of these regulations in May 2020, this was the answer given:

***“How is the treatment for legacy benefits different, in contrast to the treatment of UC? The particular issue is the increase in UC, £20 Universal Credit (UC) a week, and none for legacy benefits?”***

***The Government made decisions that could be quickly and effectively implemented. The UC IT system is more flexible than the legacy benefits systems that have complex interdependencies and interactions. The Government’s view was to have a balanced package across the board and made changes to the benefit system to allow it to prioritise and pay claimants quickly.”***

**This does seem to show a change in the policy rationale. What accounts for this difference? Has there been any further consideration of applying a similar uplift to the legacy benefits?**

The Government’s aim of the decisions announced in March 2020 was to provide additional temporary support to people most affected by Covid-19 public health emergency. These cohort groups tended to be Universal Credit (UC) and Working Tax Credits (WTC) claimants who were newly unemployed or faced a significant reduction in their income. Much of this cohort tended to be first time benefit claimants who would not be seeking government support without the financial consequences of the pandemic. Whilst claimants who faced a loss of income or reduced hours due to the economic restrictions were already claiming UC/WTC or making new claims for UC.

In addition, it would not have been possible in any event to extend the uplift to legacy benefits. When the Government introduced the initial £20 uplift, its priority was to implement changes that could be implemented quickly. The nature of the legacy benefits IT system meant that an uplift could not in any event be implemented into the system.

**2) It is also noted that the policy justification for the UC uplift “was a temporary measure to support households most affected by the economic shock of covid-19”. Does not the same economic shock apply to people who lose their jobs for non-Covid reasons, like developing cancer, redundancy... etc. Why do they not need this special protection?**

As stated before, the Government’s aim of the decisions announced in March 2020 was to provide additional temporary support to people most affected by the Covid-19 public health emergency. This was met by increasing the rate of some “in-work” benefits, such as UC and WTC and adjusting the eligibility and qualifying criteria for some benefits, but without fundamentally redesigning the welfare system. The aim was not to ameliorate the entire financial impact caused by the Covid-19 pandemic on every category of individuals.

UC and WTC claimants have been in receipt of the additional £20 per week for the last year and the Government have decided to continue this support well beyond the end of this national lockdown. Legacy claimants would not now be facing a drop in the benefits they receive as they were never in receipt of the £20 uplift.

Legacy claimants could have benefited from wider support that the Government introduced, such as the Covid Winter Grant Scheme or DEFRA funding. Other sources of funding are better suited to targeting support to those groups where it is not anticipated that a large proportion will have experienced the same economic shock such as a loss or reduction in income. Legacy claimants are able to make a new Universal Credit claim at any time if they would be better off on UC. The Severe Disability Premium (SDP) gateway which prevented claimants who received SDP from making a new Universal Credit claim was removed on 27 January 2021.

### THE WITHDRAWAL OF THE UC UPLIFT

**3) It is understood that the withdrawal of the UC Uplift (for assessment periods beginning on/after 6 October 21) will be a ‘cliff edge’. Has any consideration been given to a gradual unwind or taper period? What is the rationale for the sudden withdrawal of the Uplift as opposed to a tapering?**

It is our expectation that this additional financial support and other direct Covid support will end in six months once the economy has reopened.

The Government believes the best way to support people once the economy has reopened is to focus on supporting people back into work and we have a comprehensive Plan for Jobs which the Budget has built upon. But the government has consistently shown throughout this crisis that we will continue to assess how best to support individuals and businesses as the situation develops.

THE WITHDRAWAL OF THE MIF SUSPENSION

**4) It is noted that the MIF suspension will end on 31 July 21, however there will be a case by case consideration of continuing to apply the suspension in certain circumstances. Can you explain why the end date (31 July) is different to the end date of the UC Uplift (6 October), and the date of the end of the furlough (Coronavirus Jobs Retention Scheme) and the end period covered by the Self-Employment Income Support Scheme (SEISS), both on 30 September?**

**In particular, in relation to relation to SEISS is there not an inconsistency here in that the Treasury are stating that the self-employed require assistance up to the end of September, whilst in these regulations the suspension of the MIF will end 2 months earlier?**

The Government roadmap suggest a -re-opening of the economy by mid-June - before the new easement regulation ends. The intent is to start reintroducing gainful self-employment tests and the MIF, as applicable, from 1 August.

Claimants that are subject to the MIF will be given notice before it is applied and it will only be applied to those who remain GSE after their circumstances are reassessed. This means that there will be no financial impact on a claimants UC award before September which broadly aligns with other government financial support schemes.

Additionally, those who were in a start-up period when the COVID easement was applied will have their start-up period extended for the period they had remaining at that time.

We believe that it is important to re-establish contact with UC claimants that have declared a self-employed interest to ensure that they are placed in the correct conditionality group and offered the most appropriate support – whether they remain self-employed or otherwise.

Where we do find claimants to be newly gainfully self-employed, they will move into a one-year start-up period from the date they are determined GSE, and the MIF will not be applied during that time. This will apply to the vast majority of the current UC self-employed claimant base and will, importantly, mean that they receive support from a specially trained Work Coach.

Finally, we believe that the discretion enabled for claimants who don't fall into a start-up period and demonstrate that they're still severely affected will provide the support required for the most financially vulnerable.

**5) Was any consideration given to a phased withdrawal of the MIF suspension?**

As with all policy development, other options were considered. On this occasion, Secretary of State felt a short-term discretion to temporarily suspend the MIF for



those who were not in a start-up period and still severely affected by the impacts of the pandemic provides an adequate safety net.

**6) It is understood that the criteria for the case by case suspension of the MIF will be strictly Covid related. It is also understood that this will be encompassed in regulations in future, which will come before the Committee. Can you share with the Committee any of your thoughts on what the criteria will be, albeit that they may be at a nascent stage?**

**Has there been any consideration that those people who have made a successful application to the fifth round of SEISS could be considered as eligible, in order to deal with the possible inconsistency raised in question 4?**

We are still developing details of this policy and will discuss with the Committee in advance of laying the new regulations that legislate for this discretion.

However, the type of criteria likely to be considered in deciding whether or not to apply a further suspension of the MIF could include local or national covid restrictions, severe covid illness, and/or a claimant's earnings. Details are being developed and each claimant will be assessed on a case by case basis.

### THE EFFECT OF THE WTC ONE-OFF PAYMENT AND UC

**7) There was a one off £500 payment for WTC recipients announced in the budget, to apply once the WTC temporary increase ends. That does mean that a person could receive that £500, then move onto UC, and also take advantage of the UC uplift. It is understood that this is accepted as a possible outcome, but no measures will be taken to prevent it. Could you explain the Department's thinking on that point?**

Due to the design of the tax credit system, which operates annually, it is not possible to extend the uplift for six months in Working Tax Credit. This is one of the reasons why the government has introduced Universal Credit, which is designed to be more able to respond to changing circumstances.

We are therefore making a one-off payment to eligible Working Tax Credit claimants to ensure they benefit by an equivalent amount.

It is possible that some WTC claimants may be able to benefit from both the one-off payment of £500 available for WTC claimants, which is to be disregarded for capital purposes in DWP benefits, and then migrate across to UC to also receive the £20 uplift. This is unavoidable due to the operational constraints of the WTC system to implement a £20 per week uplift in WTC for 6 months.

**The Housing Benefit and Universal Credit Housing Costs  
(Executive Determinations) (Amendment) Regulations Northern  
Ireland 2021**

The Broad Rental Market Areas (BRMAs) and Local Housing Allowance (LHA)

**1) In Great Britain (GB) LHA rates are based on market information collected by rent officers. Is this the same process in Northern Ireland (NI)?**

Yes. The Northern Ireland Housing Executive has internal rent officers who collect the market information used to calculate LHA Rates.

**2) In GB the March 31 2020 LHA rates were based on rent data collated during the period of October 2018 to September 2019. What was the equivalent collation period in NI?**

The same period Oct 2018 – Sep 2019.

**3) Similarly, when NI officials calculated the 30th percentile points for January 2021 when was the base data collated?**

The period Oct 2019 – Sep 2020.

**4) The information the NI report provided on average, median, 25%...etc rents was for Local Government Districts (briefing, p9). Do you have a similar breakdown for BRMAs?**

There is no readily available report giving similar breakdown across BRMAs, as the Performance of the Private Rental Market report deals with Local Government Districts. It may be possible for the Northern Ireland Housing Executive to extrapolate similar data for BRMAs.

**5) For GB – Is there a similar BRMA breakdown as that produced in this briefing (p10-18) showing how the 30<sup>th</sup> percentile figures in March 2020 compare to more recently obtained figures?**

Data published on the 30th percentile by the rent officers in GB can be found [here](#) for England (Tab 2), [here](#) for Scotland (Column 4), and [here](#) for Wales (Column 2).

Of the 960 LHA rates in GB, the most recent 30<sup>th</sup> percentiles of 532 rates have increased, 310 have stayed the same and 118 have decreased.

**6) How often does the Department monitor the 30<sup>th</sup> percentile levels in each BRMA dwelling category?**

The Department looks at the 30<sup>th</sup> percentile annually following NIHE's calculation for new LHA Rates. In GB, the rent officers also provide updated 30<sup>th</sup> percentile figures annually.

**7) What action would be taken, if any, if you noticed that rental prices in a particular BRMA dwelling category, or particular BRMA region, had disproportionately increased?**

The NIHE calculates LHA rates as set out in the Executive Determinations Regulations. The Discretionary Housing Payment scheme is available to tenants who need extra financial help with housing costs.

In GB, the annual 30<sup>th</sup> percentile data is used to inform the policy for LHA rates from April each year.

**8) How are the maximum LHA rates set?**

The Executive Determination Regulations sets out the calculation for LHA rates. The maximum LHA levels are national caps, and these are set by DWP – tenants in Northern Ireland are unlikely to ever require accommodation that reaches this national cap level.

This is decided as part of the annual review of LHA rates in GB. The maximum LHA rates are currently set based on the highest outer London rate for each size category plus 20%.

**9) Are BRMAs ever reset?**

There was an extensive research piece entitled ‘Northern Ireland Broad Rental Market Areas Scoping Study and Impact Assessment’ completed in January 2019 which did not recommend any changes to the existing BRMA’s.

In GB the boundaries of BRMAs are set by rent officers. If rent officers decide that a boundary should be moved they must carry out a review, consulting with affected local authorities among others, and then submit a recommendation to the Secretary of State to decide. If a boundary change were to be agreed claimants would get at least 11 months’ notice.

**10) Regarding the research piece ‘Northern Ireland Broad Market Rental Market Areas’ – was that a Departmental piece of work, or was it conducted by another organisation? Was the purpose of that study to look just at BRMA geographical areas or did it have a wider scope?**

The BRMA Research was commissioned by the Northern Ireland Housing Executive and presented an independent review and impact assessment of the Northern Ireland Broad Rental Market Areas and Local Housing Allowance Rates.

The primary objective was to conduct an independent review and impact assessment of the Northern Ireland Broad Rental Market Areas (BRMAs) and Local Housing Allowance (LHA) rates. The specific requirements for the research project were as follows:

- To assess the existing BRMAs, LHA rates and contracted rental data across the entire housing market in Northern Ireland (Housing Associations, Housing Executive and the private rented sector) to get a full picture of the current situation building on the June 2017 Chartered Institute of Housing (CIH) report on the impact of welfare changes.
- To use updated data and reports (e.g., 2011 Census) to review the possibility of reclassifying BRMAs (with a view to reduce the number).
- To provide scenarios (3-5 or whatever is statistically applicable) of reclassified BRMAs based on updated data.
- Using each reclassified BRMA scenario, to review the impact on LHA rates if the sample and timeframe of the calculations were to be changed:
  - a. If the LHAs are calculated based on 50 per cent of the current sample size over the timescale of 12 months.
  - b. If the LHAs are calculated using data from a 6 month period using (i) 50 per cent of the current sample size; and, (ii) the current sample size.
  - c. If the LHAs are calculated using data from a 3 month period, again with variations by sample size.
- To provide hypotheses on potential impacts for tenants, landlords and Housing Benefit expenditure.
- To ensure that significant differences within the section 75 categories (where data available) are clearly illustrated in an equality impact assessment.
- To include the impact of welfare changes scenarios (e.g. Universal Credit/Housing Benefit, Social Sector Size Criteria, benefit cap, freezing of LHA for PRS rents) and the impacts of this (e.g. further breaking down rental data into groups, i.e., rural/urban, etc.).
- To identify the impacts of each scenario on tenants, landlords and Housing Benefit expenditure.

### **11) Is there a policy on when LHAs will be updated?**

Parity arrangements apply, and DfC adhere to the policy position in Great Britain.

In GB, the Secretary of State for Work and Pensions made a commitment at the Spending Review in November 2020 to review LHA rates annually.

### Equality Analysis

**12) It is noted that no data on Religious Belief, Political Opinion, Racial Group and Sexual Orientation is collated (briefing, p3). What steps have been taken to deal with the perceptions around giving this information to the Northern Ireland Housing Executive so that claimants are confident enough to complete equality monitoring forms?**

NIHE attempted to obtain this data when claimants were applying for housing benefit. The uptake was low. Claimants are unlikely to fill in additional forms as it forms no part of their application form for Housing Benefit.

**13) Noting the disappointing take-up by claimants of voluntarily providing equality data, are there any steps planned to improve this take up?**

The additional equality information mentioned above is not mandatory for claimants to provide to enable their HB claim to be assessed. In addition the HB system does not provide for the collation and storing of equality information and this could present possible GDPR and resourcing issues. In view of this there are no plans to gather additional equality data.

Monies and Extra Support

**14) As there is now a freeze in the LHA rates has there been any consideration given to reintroducing the Targeted Affordability Funding scheme, or a similar scheme, to deal with BRMA dwelling categories where there is a disproportionate rise in the 30<sup>th</sup> percentile?**

Parity arrangements apply, and DfC adhere to the policy position in Great Britain.

In GB we invested almost £1 billion in LHA rates this year and we are maintaining that investment from April 2021, rather than reverting back to previous rates which were much less generous. We are maintaining all rates, even the significant number where the 30th percentile of local rents has gone down. This approach provides claimants with stability during this period of uncertainty.

**15) Does the Discretionary Housing Payment (DHP) decision maker take into account if the relevant 30<sup>th</sup> percentile figure has significantly increased in the BRMA dwelling category of the applicant?**

Yes, each case is assessed on its own merit with reference to the prevailing LHA rate, contractual rent, financial position of the claimant and the available budget.

In GB, decisions about DHP awards are made at the discretion of the local authority.

**16) What is the overall impact of the freeze by way of total resources available (from the Department) versus total resources needed (by claimants, to cover rent) and who is bearing the brunt of the shortfall between the two? It is noted that an increase in the 30<sup>th</sup> percentile from the NI March 2020 figure to the January 2021 figure would have increased costs by £6.5 million (p20, 22). The DHP budget for 2021-2022 is expected to be £6.1 million, the same figure as for 2020-2021.**

The Department is unable to increase LHA to the 30<sup>th</sup> percentile. Any move to restore LHA rates to the 30<sup>th</sup> percentile would have an impact on the NI block grant, meaning other Departments would lose out on funding for their own schemes. The Executive's Draft Budget 2021-22, if implemented, could result in the Department experiencing major funding shortfalls across a wide range of areas.

## MINUTES

**17) Is the DHP budget used up each year? Is there some flexibility in that the DHP budget can expand if there are enough applicants which meet the criteria, or is the budget fixed at that maximum amount (approximately 6.1 million)?**

We actively promote DHPs via our website and social media; however, the budget is not always spent each year. The budget comes direct from Treasury and is fixed each year.