



Department
for Work &
Pensions

**Report by the Social Security
Advisory Committee under
Sections 172(1) of the Social
Security Administration Act 1992
and statement by the Secretary
of State for Work and Pensions in
accordance with Section 174(2) of
that Act**

**The Universal Credit, Personal
Independence Payment,
Jobseeker's Allowance and
Employment and Support
Allowance (Claims and Payments)
(Modification) Regulations 2025
(SI 2025/*****)**

March 2025



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Pensions

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The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025 (SI 2025/****)

Presented to Parliament pursuant to Section 174(2) of the Social Security Administration Act 1992

March 2025



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Department
for Work &
Pensions

**Sir Stephen Timms, Minister
for Social Security and
Disability. Minister of State
for Work and Pensions**
Caxton House
Tothill Street
London
SW1H 9AJ

Social Security Advisory Committee

6th March 2025

Dear Stephen,

THE UNIVERSAL CREDIT, PERSONAL INDEPENDENCE PAYMENT, JOBSEEKERS ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE (CLAIMS AND PAYMENTS) (MODIFICATION) REGULATIONS 2025

The Secretary of State has asked me to respond on her behalf to your letter of 21 February 2025.

Firstly, I would like to thank you once again for accommodating a meeting with policy officials on 14 February 2025, outside your normal schedule, to conduct the scrutiny of the regulations.

I acknowledge that after careful consideration to the detailed proposals and evidence presented by the Department, the Committee has decided to take the regulations on formal reference, in accordance with

sections 172(1) and 174(1) of the Social Security Administration Act 1992.

The Committee's advice and recommendations, for the purposes of formal reference are:

- **Equality Impact Analysis.**
- **Coming into force date.**
- **A commitment to allow claimants to make representations regarding affordability before deductions commence.**
- **Establishing an effective communications approach.**
- **Further analysis and the Department will engage positively with SSAC to agree a set of analysis to be undertaken over the course of the next six months.**

The Government is committed to a sustainable long-term approach to tackling poverty and supporting people on lower incomes, and in support of this the Chancellor announced at the Autumn Budget, the Fair Repayment Rate (FRR) as our downpayment on poverty.

The FRR measure is a permanent change and will reduce the Universal Credit (UC) overall deductions cap from 25% to 15% of a customer's UC standard allowance from April 2025.

This measure will help approximately 1.2 million UC households with deductions retain more of their UC

award, on average £420 a year or £35 per month. This measure does not require a regulatory change.

Whilst the FRR measure benefits over a million UC households with deductions, the Government was mindful, from a child poverty point of view, that the FRR will lead to a significant reduction in the number of child maintenance (CM) deductions made per month due to where the CM deduction currently sits in the regulated priority order.

The Government believes that all parents have an obligation to support their children regardless of their financial situation and recognises the overall impact child maintenance has in moving children out of poverty, so to partially mitigate this impact, a commitment was made to move the CM deduction higher up the regulated priority order. This commitment requires a regulatory change.

These CM payments provide vital financial support, and this temporary regulatory change coupled with the policy decision to exceed the overall deductions cap, where applicable, for a CM deduction, will continue to enable the CM payment to be enforced when other payment methods have failed or are not viable.

The Department sets out its response to the recommendations below:

Recommendation 1: We recommend that, ahead of the regulations being laid, the Department urgently sets out how it has given due regard to its obligations under Section 6 of the Equality Act 2010 and Section 149 of the Public Sector Equality Duty.

Accepted.

The Department will provide a new Equality Analysis to meet the requirements of this recommendation. (See Annex A attached separately)

Recommendation 2: We recommend that, unless the Department can provide an assurance that the proposed twin track approach will not have a negative impact on claimants, the implementation dates for each of these measures should be aligned.

Accepted.

The Department welcomes the committee flagging their concerns about ensuring that no UC claimants will be affected negatively due to the separate implementation dates for the FRR and CM deduction measures.

Upon further investigation, the Department have made the decision to amend the start date of the FRR – the reduction of the overall deductions cap in Universal Credit (UC) from 25% to 15% of a claimants UC standard allowance – to start from 30 April 2025, so that it is

aligned with the coming into force (CIF) date of the Statutory Instrument (SI) which will modify the regulated priority order in relation to moving the CM deduction higher up the regulated priority order.

By aligning the start date of the FRR and the CIF date of the SI, to 30 April 2025, UC claimants will not be negatively impacted. UC claimants with an assessment period (AP) that starts on or after the 30 April 2025 will simultaneously benefit from the 15% overall deductions cap and the application of the new regulated priority order.

Recommendation 3: We recommend that appropriate arrangements are put in place to contact claimants in advance of additional deductions being made where the new regulations apply, in order that the claimant has an opportunity to make representations about their ability to pay.

Rejected.

At the meeting of 14 February 2025, the Committee raised the judgements in the recent cases of *SSWP v Timson* [2023] EWCA Civ 656 and in *SSWP v Roberts* [2025] EWHC 51.

The judgements in the Timson and Roberts cases relate to utility deductions and payments to landlords respectively. They are context specific judgments limited to those particular deductions. That was made clear in

paragraph 60 of the Roberts judgement where the judge, after discussion as to whether the rationale in *Timson* could be read across to other deductions, stated, “*I agree with Mr Anderson there is no justification for simply reading-across the analysis in Timson to the present case. He rightly emphasised the context-specific nature of duties of procedural fairness and reasonable enquiry.*”

The judge went on to consider the specific characteristics of the deduction process considered in *Timson* and decided the judgment was of limited relevance to a different deduction process for a different benefit. He said “*Timson is not a home run or even necessarily first-base. The present case must be decided in its own context and circumstances.*”

The deduction which these regulations apply to is completely different in nature to those considered in either *Timson* or *Roberts* and the procedure is different. In the light of this it would not be appropriate for Universal Credit and/or Child Maintenance Service (CMS) to give claimants the opportunity to make representations in relation to a deduction for CM, with reference to their ability to pay, prior to that deduction being applied to their UC award, for the following reasons:

- Where an application to the CMS is made, the person named as the parent in the application must be given the opportunity to accept or deny parentage of the qualifying child. Where parentage is proven, or assumed under the terms of the legislation (Child Support Act 1991 section 26) a maintenance

calculation will be made and the parent notified of their liability and how much child maintenance they must pay. Where parent can make an appeal to the Magistrate's court.

- If a parent feels that the decision to make a maintenance calculation or the calculation itself is incorrect, they can ask for it to be looked at again. This is known as a mandatory reconsideration. If a parent still feels that the decision taken is incorrect after they receive a mandatory reconsideration notice, they will be able to appeal to an independent tribunal.
- The amount to be deducted from benefit (DfB) is a flat rate and the amount is set out in Schedule 1 paragraph 4 of the Child Support Act 1991. This means that the amount is non-negotiable.
- The only negotiation on the amount being paid is when there are arrears, however, we don't collect arrears on DfB cases where there is ongoing maintenance.

However, we recognise the importance that any changes to the UC award as a result of this temporary change, are clearly communicated to the paying parents (PPs)/claimants. They will be notified that a deduction for CM will be taken from their UC award via their UC online account in advance of the deduction being made.

Furthermore, when a DfB is put in place, CMS advise PP's/claimants of this, and they are notified in the calculation's letters sent to them. This information is given prior to a request for a DfB being sent to UC. In view of

these multiple communications the PP/claimant should be fully aware that a deduction for CM will be taken from their UC award.

Additionally, if the PP/claimant disagrees with the decision to apply a deduction in respect of CM from their UC award, further action is available to them, as set out in the paragraph below.

Whenever a decision is made to apply a third-party deduction (ones that are included in Schedule 6 of *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013*) to a UC award, claimants are notified of this decision via their UC online account. If the claimant disagrees with the decision, they have always had the opportunity to seek a review of the decision by requesting a Mandatory Reconsideration (MR). If the MR results in the decision remaining unchanged, the UC claimant has the right to appeal the decision via the Courts and Tribunals Service.

Recommendation 4: We recommend that a comprehensive and effective communications approach is put in place urgently. This needs to make clear to both receiving and paying parents what is happening, why, and that there may be further changes after the sunset clause brings these proposals to an end on 1 May 2026.

Accepted in principle.

The Department has concluded that the business-as-usual (BAU) approach to communicating with paying and receiving parents about a CM deduction from benefits and payments, respectively, is the sensible strategy to adopt. The reason for adopting the BAU approach is because this temporary change will not affect all paying parents (UC claimants with a CM liability) or receiving parents. Most UC claimants with a CM liability will experience no change and will continue to pay their CM via a deduction from their UC award. Only a small number of additional UC claimants, in relation to the overall size of the UC caseload, with a CM liability will start to pay their CM via a DfB due to the temporary change.

The Department cannot identify, in advance, UC claimant's this temporary change would potentially impact, therefore any blanket communication campaign could cause confusion and in turn drive unnecessary inbound calls/complaints. Furthermore, lines to take to cover a proactive communication campaign would also be very challenging to create and implement.

For queries from paying parents (PP's) (the UC claimant in this scenario), CMS are using a reactive communication strategy approach, utilising scenarios to ensure support/advice/signposting provided is consistent.

For Receiving Parents (RP's) a campaign is not required due to them either, continuing to receive payments or starting to receive payments.

RP's who have not received maintenance before this temporary change, would have been advised that the CM payment is not guaranteed. However, the Department will continue to make every effort to secure the CM payment on their behalf.

If a proactive communications approach were to be adopted, it would require multi-channel campaigns to reach all claimants however not all claimants have email addresses and/or mobile phones therefore the only alternative is to send letters. However, the Department cannot be confident that the letters sent to claimants will be acknowledged and/or understood.

Whilst GOV.UK could be viewed as a useful platform to communicate this temporary change, inclusive of the 'sunset clause', from experience previous proactive communications via GOV.UK can cause confusion and drive inappropriate and/or irrelevant customer contact to the Department, not related to the change.

In the light of the above, the Department have concluded that to mitigate unnecessary concern and/or confusion amongst PP's and RP's the most appropriate and effective way to communicate the temporary change through external stakeholders via the following communication platforms;

- Touchbase the regular newsletter from DWP that is sent to external stakeholders.
- Partnership News a publication that goes to all DWP's Partnership Managers.

- Operational Stakeholder Engagement Forum (OSEF), ensuring an article is published in the Operational Update that is sent to members.
- Speaking with relevant key stakeholders, such as, Citizens Advice and Gingerbread.

UC and CMS will ensure all guidance and communication products provided to staff, to aid their understanding of the change, will be consistent and appropriate for the different communication platforms, i.e., telephony, online and face to face.

Recommendation 5: we would welcome a commitment from the Secretary of State that the Department will engage positively with SSAC to agree a set of analysis to be undertaken over the course of the next six months.

Accepted.

The Department appreciate the committee's willingness to provide support, and the Department will engage with SSAC to agree a set of analysis to be undertaken over the course of the next six months.

Yours sincerely,



Sir Stephen Timms
Minister of State for Work and Pensions.

ANNEX A: New Equality Analysis in response to recommendation 1 of the Social Security Advisory Committee's report dated 21 February 2025

In response to concerns raised by the Social Security Advisory Committee (SAAC), the original equality impact analysis has been superseded by this revised version which is provided as an annex (this annex A) to the Minister for Social Security and Disability's response to SSAC's report.

Policy Summary – Reducing the Universal Credit (UC) overall deductions cap from 25% to 15% of a claimant's UC standard allowance; make child maintenance deductions the first Third Party Deduction in the regulated priority order.

Universal Credit (UC) households can face deductions for up to 25 different types of debts. For each household, deductions are subject to a current overall deductions cap of 25% of their standard personal allowance.

Debts are deducted according to a priority order. This means that debts are recovered in order until the overall deductions cap is reached, at which point no further debts will be recovered. If the overall deductions

cap is reached before completing the priority order list, any remaining lower-priority debts will be recovered when there is room within the overall deductions cap.

This proposal is made up of two separate changes to the existing policy:

1. to reduce the overall deductions cap from 25% of the UC standard allowance to 15%, known as the 'Fair Repayment Rate' (FRR), and
2. to make the child maintenance (CM) deduction the first Third Party Deduction (TPD) in the regulated priority order and allow the CM deduction to exceed the overall deductions cap, where applicable, to protect payments made to parents with care.

Note: This analysis uses data from May 2024. "Current policy" in this analysis has been adjusted to include the effect of the extension of the repayment period for UC Budgeting Advances which was implemented in December 2024 but had not yet been implemented in May 2024 outturn. As a result, the "current policy" figures presented for May-24 will not match recorded outturn.

This proposal aims to achieve two goals:

- To enable some Universal Credit (UC) customers with deduction debts to retain more of their UC award on a monthly basis, in relation to the FRR.
- To protect the number of child maintenance deductions made per month when the FRR is

implemented, with regards to moving the CM deduction to be the first TPD in the regulated priority order (the CM mitigation policy).

NB – the previous early equality analysis shared with Social Security Advisory Committee (SSAC) reported the net effect of the FRR and CM mitigation policy. This analysis considers the reduction in the overall deductions cap first then provides a fuller equality analysis on the measure being considered – making CM deduction the first TPD in the regulated priority order and allowing the CM deduction to exceed the 15% overall deductions cap, where applicable.

Reduce the overall deductions cap (the “Fair Repayment Rate”, FRR)

UC households with deductions are usually subject to an overall deductions cap that limits the amount that can be taken from their UC award to 25% of their standard allowance. The announced FRR policy will allow some households to retain more of their UC award in a given month because the total amount deducted from their UC entitlement will be capped at 15% rather than 25%. The consequence of this is that Advances, government debts and some third-party debts will take longer to be repaid on average, since the average monthly deduction amount will reduce. This results in an estimated 1.2 million UC households retaining more of their entitlement – on average

£35 per month compared to the current policy (Table 1 below)

Table 1. Impacts of FRR only vs current policy

Policy Impact of FRR only May-24	Number of Households	Proportion	Average change in deduction amount
Deduction Increase	0	0%	£0
Deductions Decrease	1,200,000	22%	-£35
No Change: Households with a deduction	1,400,000	24%	£0
No Change: Households with no deductions	3,100,000	55%	£0
Total	5,700,000	100%	

Modelled estimates show that around 22,000 – nearly half of UC households paying a CM deduction under the current policy – will stop paying if the overall deductions cap is reduced to 15% alone (see Table 5 below).

The overarching intent of the FRR policy is to significantly increase the number of UC households able to retain more of their UC award. However, implementing the FRR policy alone without mitigation would substantially reduce the number of deductions collected for CM, adversely affecting CM receiving parents and their children.

Move the Child Maintenance (CM) deduction higher up the regulated priority order (CM mitigation)

The Child Maintenance deduction is currently positioned, effectively, in seventh place in the regulated priority order and the CM deduction is set at a fixed amount of £36.40 per assessment period. This policy change moves the CM deduction from seventh place in the regulated priority order to first place and also allows the CM deduction to exceed the 15% overall deductions cap, where applicable. This means households with a CM obligation will have an increased chance of making these payments, with analysis estimating that an additional 32,000 households will make CM payments under this policy versus FRR only policy and keeping the CM deduction in its current position in the regulated priority order (see table 5 below).

The CM mitigation policy change safeguards the 22,000 payments made under the current policy (that would cease under the FRR only policy) and brings in an additional 10,000 CM payments per month. Whilst this enables more households with a child maintenance debt to repay their debt, other debts that were previously being recovered may now be recovered later.

The CM mitigation results in an estimated 26,000 households retaining less of their UC entitlement – they

lose £25 per month on average versus the FRR only policy change. Around 2,000 households retain more of their entitlement – on average £27 per month (Table 2). These households benefit due to the CM deduction now being taken before other TPDs. The CM deduction is lower than the other deduction amounts but still prevents other deductions being taken within the 15% overall deductions cap, meaning the total amount deducted is lower.

Table 2. Impacts of CM mitigation versus FRR only

Policy Impact of applying CM mitigation policy to FRR only policy ay-24	Number of Households	Proportion	Average change in deduction amount
Deduction Increase	26,000	0%	£25
Deductions Decrease	2,000	0%	-£27
No Change: Households with a deduction	2,600,000	46%	£0
No Change: Households with no deductions	3,100,000	54%	£0
Total	5,700,000	100%	

Looking at only those households with a CM deduction after applying CM mitigation policy to the FRR only policy, we see that an estimated 33,000 see no change in their total deductions, 26,000 retain less of their entitlement and 400 retain more (Table 3).

Table 3. Impacts of applying CM mitigation to FRR only on households with CM deductions

Policy Impact of applying CM mitigation policy to FRR only policy UC households with CM deductions May-24	Number of Households	Proportion	Average change in deduction amount
Deduction Increase	26,000	43%	£25
Deductions Decrease	400	1%	-£3
No Change: Households with a deduction	33,000	56%	£0
Total	60,000	100%	

The net effect of applying the FRR and CM mitigation policies is that an estimated 1.2 million UC households retain more of their entitlement – on average £35 per month versus the current policy. An estimated 5,400 will retain less – losing £28 per month on average (Table 4).

Table 4. Net effect of FRR and CM mitigation versus current policy

Policy Impact May-24	Number of Households	Proportion	Average change in deduction amount
Deduction Increase	5,400	0.1%	£28
Deductions Decrease	1,200,000	21%	-£35
No Change: Households with a deduction	1,400,000	24%	£0
No Change: Households with no deductions	3,100,000	55%	£0
Total	5,700,000	100%	

Table 5 shows the effect of applying the FRR versus current policy, the effect of the CM mitigation versus the FRR policy and the combined effect of both versus current policy.

Table 5: Estimated Impact on CM deductions

May-24 data	Monthly CM deductions paid	Difference vs Current Policy	Difference vs FRR only policy
Current Policy (25% Cap and CM deduction 7th TPD)	50,000	-	-
15% cap only and CM deduction 7th TPD (FRR measure only)	28,000	-22,000	-
FRR and CM mitigation	60,000	10,000	32,000

Table 6 below shows the estimated impact each policy change has on the number of deductions collected for each deduction type for the whole UC population.

Table 6 – Change in deductions under FRR only, CM mitigation and both

All UC households May-24		Change in deductions collected		
		FRR only vs current	CM mitigation vs FRR only	Net effect of both vs current
ADV	UC Advance New Claim	-1,000	0	-1,000
ADV	UC Advance Change of Circumstances	-1,000	0	-1,000
ADV	UC Advance Benefit Transfer	0	0	0
ADV	UC Advance Budgeting	-11,000	0	-11,000
TPD	Owner Occupied service charge	0	0	0
TPD	Rent or service charge arrears	0	0	0
TPD	Electricity arrears	0	0	0
TPD	Gas Arrears	0	0	0
TPD	Council tax arrears	-60,000	-4,000	-64,000
TPD	Fines	-66,000	-10,000	-76,000
TPD	Water Arrears	-31,000	-1,000	-32,000
TPD	Child Maintenance	-22,000	32,000	10,000
Gov	Social Fund Loans	-27,000	-2,000	-29,000
Gov	Recoverable Hardship Payments	-13,000	-2,000	-15,000
Gov	Admin penalty	0	0	0
Gov	Tax Credit Fraud Overpayment	0	0	0
Gov	HB Fraud Overpayment	0	0	0
Gov	DWP Fraud overpayment	-2,000	0	-2,000
Gov	Civil penalty	-1,000	0	-1,000
Gov	Tax Credit Overpayment	-45,000	-3,000	-48,000
Gov	HB Overpayment	-9,000	-1,000	-10,000
Gov	DWP Overpayment	-54,000	-5,000	-59,000
TPD	Integration Loans	0	0	0
TPD	Eligible Loans	-5,000	0	-5,000
ADV	All advances	-14,000	0	-14,000
TPD	All TPD	-185,000	17,000	-168,000

All UC households May-24		Change in deductions collected		
		FRR only vs current	CM mitigation vs FRR only	Net effect of both vs current
Gov	All Government deductions	-153,000	-12,000	-165,000
	All deductions	-352,000	6,000	-346,000

Table 6 shows that the FRR alone results in an estimated 352,000 fewer deductions across all deduction types, compared to the current policy (inclusive of also making no amendments to the regulated priority order). An estimated 164,000 (47%) of these are Advances or government deductions and 185,000 (53%) are TPDs.

Applying the CM mitigation on top of the FRR only results in an estimated 6,000 more deductions across all deduction types, compared to the FRR only policy. The 32,000 increase in CM deductions is almost completely offset by a 15,000 reduction in TPD deductions and a 12,000 reduction in government deductions.

The net effect of the FRR and CM mitigation results in an estimated 346,000 fewer deductions in total compared to current policy. An estimated 179,000 (52%) of these are Advances or government deductions and 168,000 (49%) are TPDs.

Under both aspects of the policy there is expected to be no change in the number of rent deductions collected, since these deductions are allowed to exceed the overall deductions cap, where applicable,

so will always be taken if there is sufficient UC award remaining.

Moving the CM deduction, to first place in the regulated priority order will result in in a TPD for fuel costs (electricity and/or gas arrears) being pushed into fourth place in the regulated priority order. This means, when applying the regulation of only permitting a maximum of three TPDS to be taken from a UC award, per assessment period, it could result in a deduction not being taken for electricity and/or gas arrears. However, our modelling found less than 10 households would be in this situation after the CM mitigation is implemented.

Equality Analysis of CM Mitigation Policy

Data Sources

The statistics presented in this analysis are derived from modelling of the expected impacts of the policy changes on the UC household caseload in May-24. It uses the UC claim data, financial data and debt circumstances of each household in May-24 to estimate how deductions from their UC award may change under the new policy, i.e., whether they retain more or less of their entitlement and by how much on average. NB the modelling also accounts for the effect of the change to UC budgeting advance maximum repayment period (extending it from 12 to 24 months). This policy change was announced at Spring Budget 2024 and implemented in December 2024.

This analysis uses newly available self-reported protected characteristic data for most of its analysis of the equality impacts on paying parents. Previous assessments used proxy data where actual data wasn't available (e.g. age group was determined by the amount of the UC standard allowance awarded). This analysis therefore supersedes previous assessments and may show different results to those provided previously.

Target Population

The focus of this analysis is on how each of the two changes affects paying parents on UC that have a child maintenance obligation recorded against their claim. It presents the impact of the reduction of the 25% overall deductions cap to 15% (the FRR) in isolation and also the effect of the CM mitigation on top of the FRR.

Note that under the FRR policy, all UC households either retain more of their entitlement than under the current policy or see no change in their total deductions. Some households will benefit because the reduced overall deductions cap prevents a CM deduction being taken. Since CM deductions are taken from the paying parent and paid to the receiving parent, the FRR negatively affects receiving parents only. It is not possible to identify the specific receiving parent households affected, so population level data on CMS receiving parents has been provided to illustrate the equality impacts. Note that this data is from a different

source to that presented on UC households so has a different level of detail and completeness.

Impact of FRR only

Headline impacts on whole population

As described in the Target Population section above, our analysis shows that no paying parents on UC are subject to larger deductions as a result of this change. However, Table 5 shows that 22,000 fewer CM deductions are taken meaning that more than 22,000 receiving parents would no longer receive a CM payment¹. Since it is not possible to identify the affected receiving parents from the data available, the statistics presented below reflect the characteristics of the whole population of receiving parents.

1 In some cases a child maintenance payment will be split among more than one receiving parent where a paying parent is contributing to children with more than ex-partner.

CM receiving Parent – Age

Table 7 – receiving parent age comparison

Age Group	RP Population ²	E&W Population ³
Under 25	3%	14%
25-29	11%	8%
30-34	24%	8%
35-39	27%	8%
40-44	17%	8%
45-49	12%	7%
50-54	5%	8%
55+	2%	38%
All	100%	100%

The CMS receiving parent population data shows that the proportion aged between 25 and 49 is higher than England and Wales (E&W) as a whole. These age groups are therefore most likely to be adversely affected by the FRR policy if implemented without mitigation. (NB – The E&W population aged under 25 excludes those aged under 15 to allow a better comparison with the RP population).

2 Source: CMS administrative data for the 2022/23 financial year

3 Analysis of population estimates tool for UK – Office for National Statistics

CM receiving Parent – Gender

The CMS receiving parent population data⁴ shows that around 95% are female, so almost all those adversely affected by the FRR policy without mitigation are female.

CM receiving Parent – Disability

Linked Family Resources Survey (FRS) data and Child Maintenance Service (CMS) administrative data, shows that 35% of receiving parents are disabled⁵. The FRS⁶ estimates 23% of the UK working age population are disabled, so this demonstrates the FRR policy without mitigation will affect proportionally more disabled individuals.

CM receiving Parent – Ethnicity

Linked FRS and CMS administrative data shows receiving parents are more likely to be White or in the Black/African/Caribbean/Black British category,

4 Source: CMS administrative data for the 2022/23 financial year

5 Disability status is defined in accordance with the core definition of disability under the Equality Act 2010 Family Resources Survey (FRS) data and CMS administrative data, averaged over the three financial years ending 2021 to 2023

6 Working Age population of UK averaged over 3 years – [Stat-Xplore - Log in](#)

and slightly less likely to be in the Asian or Other categories, when compared to the England & Wales population. These differences are very small, so caution should be used drawing any conclusions from this comparison.

Table 8 – receiving parent ethnicity comparison

Ethnic Group	Receiving Parents ⁷	E&W Population ⁸
White	88%	82%
Mixed/Multiple ethnic groups	2%	3%
Asian/Asian British	4%	9%
Black/African/Caribbean/Black British	5%	4%
Other ethnic group	0%	2%
Not declared	0%	0%

CM receiving Parent – Marital Status

Linked FRS and CMS administrative data shows receiving parents are much less likely to be married and more likely to be divorced or single than the E&W population as a whole (ONS).

7 Source: FRS data linked to CMS administrative data, averaged over the three financial years ending 2021 to 2023

8 Ethnic group, England and Wales – Office for National Statistics

Table 9 – receiving parent marital status comparison

Marital Status	Receiving Parents ⁹	E&W population ¹⁰
Single	54%	48%
Married	11%	40%
Civil Partnership	0%	0%
Married and Separated	9%	N/A
Divorced	26%	6%
Widowed	0%	5%

CM receiving Parent – Sexuality

FRS analysis shows no large differences in sexuality of the receiving parent to that of the population of England and Wales as a whole. Given the proportion of respondents not answering this question, some caution must be exercised in interpreting the data.

-
- 9 Source: FRS data linked to CMS administrative data, averaged over the three financial years ending 2021 to 2023. RPs who are cohabiting with a partner may be counted as single, divorced, or widowed depending on their circumstances.
- 10 Excludes those aged 0 – 15, “Married and separated” category is not present on the ONS data – these people are included in the “Married” or “Civil Partnership” categories. Population estimates by marital status and living arrangements, England and Wales – Office for National Statistics

Table 10 – receiving parent sexuality comparison

Sexuality	Receiving Parents ¹¹	E&W population ¹²
Heterosexual/ Straight	87%	89%
Gay/lesbian	0%	2%
Bisexual	2%	1%
Other	1%	0%
Did not answer	10%	7%

Impact of CM mitigation versus FRR

This section of the analysis looks at the impact of the CM mitigation proposal when applied to the FRR proposal. As outlined above, this analysis focuses on the estimated 60,000 UC households who have a CM deduction after the CM mitigation has been applied to the FRR proposal. All the equality data is derived from data collected from customers on the UC Full-Service system and aggregated to the household level.

Note that for each characteristic there is a large proportion of households reported as “unknown” since this data is not available for all individuals, so these comparisons should be used with caution.

11 Source: FRS data linked to CMS administrative data, averaged over the three financial years ending 2021 to 2023

12 Sexual orientation, England and Wales – Office for National Statistics

The overall impact on UC households who have a CM deduction after the CM mitigation is applied to the FRR policy is shown in Table 3.

Age

Table 11 – paying parent age comparison

Oldest Member of Household ¹³								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Under 25	570	2%	160	0%	0	0%	490,000	9%
25-29	1,700	7%	1,500	4%	20	5%	460,000	8%
30-34	3,600	14%	3,500	11%	40	10%	530,000	9%
35-39	4,700	18%	4,700	14%	40	11%	560,000	10%
40-44	3,600	14%	4,100	12%	50	12%	490,000	9%
45-49	2,000	8%	2,800	8%	30	7%	380,000	7%
50-54	1,200	5%	2,000	6%	20	5%	320,000	6%
55-59	550	2%	1,100	3%	10	3%	260,000	5%
60-64	200	1%	500	1%	0	1%	200,000	4%
65+	40	0%	110	0%	0	0%	80,000	1%
Unknown	7,700	30%	13,000	39%	170	45%	1,900,000	34%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

Table 11 shows that in each category CM paying parents on UC are more likely to be aged between 30 and 44 than the whole UC population, and less likely to be aged above or below these ages than the whole UC population, although the large number of households in

13 NB – Joint households with missing data for one or both members will be recorded as “Unknown” since it is not possible to determine the age of the oldest person.

the “Unknown” category means caution should be used when interpreting this data.

Gender

Table 12 – paying parent gender comparison

	Gender							
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Female	2,800	11%	2,400	7%	10	3%	2,400,000	42%
Male	15,000	60%	19,000	56%	230	61%	1,400,000	25%
Joint Claim	990	4%	2,400	7%	0	1%	700,000	12%
Unknown	6,700	26%	9,800	29%	140	35%	1,200,000	21%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

Table 12 shows that males are much more likely to be a paying parent than females and retain less under the CM mitigation policy, not unexpected given the very large majority of paying parents are male (over 90%, from CMS administrative data). Note that the large proportion of households in the “Unknown” category means caution should be used when interpreting the data in the table above.

Family Type

Table 13 – paying parent family type comparison

Family type								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Couple with children	1,500	6%	2,900	9%	0	1%	790,000	14%
Couple without children	410	2%	1,200	4%	0	1%	240,000	4%
Lone parent	4,600	18%	2,100	6%	10	4%	1,900,000	33%
Single without children	19,000	75%	27,000	81%	370	95%	2,800,000	49%
Total	26,000	100%	33,000	100%	380	100%	5,700,000	100%

Table 13 shows that around three quarters of households that retain less under the CM mitigation are single claims, this is higher than the UC population as a whole.

Disability

Table 14 – paying parent disability comparison (based on PIP/DLA receipt as a proxy)

Disability ¹⁴								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
No	17,000	66%	20,000	61%	190	48%	4,500,000	78%
Yes	8,800	34%	13,000	39%	200	52%	1,300,000	22%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

14 Disabled is defined as UC households also in receipt or DL or PIP, since self-reported disability data is incomplete.

Table 14 shows that households retaining less under the CM mitigation are more likely to be disabled than the UC population. Receipt of PIP or DLA does not directly affect the amount of UC awarded and vice-versa.

Ethnicity

Table 15 – paying parent ethnicity comparison

Ethnicity								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Arab	50	0%	110	0%	0	0%	49,000	1%
Asian	410	2%	850	3%	0	1%	350,000	6%
Black	1,200	5%	1,500	5%	10	2%	270,000	5%
Mixed	700	3%	710	2%	10	2%	130,000	2%
Multiple ethnicity (joint claim)	90	0%	180	1%	0	0%	70,000	1%
Other	200	1%	270	1%	0	0%	120,000	2%
White	16,000	62%	19,000	57%	220	58%	3,300,000	59%
Prefer not to say	630	2%	870	3%	10	3%	200,000	3%
Unknown	6,700	26%	9,800	29%	140	35%	1,200,000	21%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

1. Table 15 shows no large differences in the ethnicity of affected households versus the whole UC population. Note that the large proportion of households in the “Unknown” category means caution should be used when interpreting this data. While complete ethnicity data is not available for the affected group, survey data on paying parents generally suggests they will be white in large majority of cases. As the policy would apply irrespective of ethnicity, no direct impacts are expected based on our knowledge and policy

experience. Nevertheless, we will continue to monitor for impacts and take action as needed.

Sexual Orientation

Table 16 – paying parent sexual orientation comparison

Sexual Orientation								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Bisexual	230	1%	280	1%	0	1%	100,000	2%
Gay or lesbian	80	0%	100	0%	0	0%	79,000	1%
Heterosexual	18,000	68%	21,000	64%	230	59%	3,800,000	67%
Multiple sexual orientation (joint claim)	100	0%	250	1%	0	0%	55,000	1%
Other	80	0%	110	0%	0	0%	39,000	1%
Prefer not to say	1,200	5%	1,600	5%	20	4%	410,000	7%
Unknown	6,700	26%	9,800	29%	140	35%	1,200,000	21%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

1. Table 16 shows no large differences in sexual orientation for those retaining less versus the whole UC population. Note that the large proportion of households in the “Unknown” category means caution should be used when interpreting this data. While complete sexuality data is not available for the affected group, survey data on paying parents generally also suggests they will be heterosexual in the large majority of cases. As the policy would apply irrespective of sexuality, no direct impacts are expected based on our knowledge and policy experience. Nevertheless, we will continue to monitor for impacts and take action as needed.

Religion

Table 17 – paying parent religion comparison

Religion								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Buddhist	60	0%	90	0%	0	0%	18,000	0%
Christian	3,900	15%	5,200	16%	60	14%	1,200,000	22%
Hindu	30	0%	40	0%	0	0%	28,000	0%
Jewish	20	0%	30	0%	0	0%	6,900	0%
Multiple religions (joint claim)	280	1%	730	2%	0	0%	140,000	3%
Muslim	590	2%	1,100	3%	10	1%	460,000	8%
None	12,000	48%	14,000	42%	160	41%	2,200,000	38%
Other	530	2%	590	2%	10	2%	110,000	2%
Sikh	50	0%	100	0%	0	0%	22,000	0%
Prefer not to say	1,300	5%	1,800	5%	20	5%	340,000	6%
Unknown	6,700	26%	9,800	29%	140	35%	1,200,000	21%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

Table 17 shows that UC households that retain less are more likely to report they have no religion versus the UC population. They are also less likely to be Christian or Muslim. Note that the large proportion of households in the “Unknown” category means caution should be used when interpreting this data.

Marital Status

Table 18 – paying parent marital status comparison

Marital Status								
	Retain Less of UC entitlement		No Change		Retain More of UC entitlement		All UC	
Divorced	120	0%	140	0%	0	0%	37,000	1%
Legally dissolved civil partnership	0	0%	0	0%	0	0%	480	0%
Married	20	0%	40	0%	0	0%	87,000	2%
Married or in partnership	1,400	6%	2,600	8%	20	4%	820,000	14%
Multiple marital status (joint claim)	280	1%	630	2%	0	0%	83,000	1%
Not married or in partnership	15,000	58%	17,000	52%	210	56%	2,900,000	50%
Registered civil partnership	10	0%	10	0%	0	0%	3,300	0%
Separated but still legally in civil partnership	0	0%	0	0%	0	0%	1,200	0%
Separated but still legally married	60	0%	60	0%	0	0%	21,000	0%
Single	940	4%	840	3%	0	1%	240,000	4%
Surviving partner from a civil partnership	0	0%	0	0%	0	0%	430	0%
Widowed	10	0%	0	0%	0	0%	5,600	0%
Prefer not to say	1,400	5%	1,900	6%	20	4%	340,000	6%
Unknown	6,700	26%	9,800	29%	140	35%	1,200,000	21%
Total	26,000	100%	33,000	100%	400	100%	5,700,000	100%

Households affected negatively by the policy are less likely to be married or in a partnership than the UC population, which is consistent with the household type breakdown. Note that the large proportion of households in the “Unknown” category means caution should be used when interpreting this data.

Summary

This analysis considers the impact of the Fair Repayment Rate (the reduction in the overall deductions cap to 15%) and then considers the impact of the mitigation to protect child maintenance payments.

Ministers have agreed that it is important to protect parents with care as a result of the reduction in the overall deductions cap. While UC customers should be able to keep more of their UC, it should not be at the expense of parents receiving CM. The Minister is asked to note that in undertaking an analysis of the equality impacts, where applicable, account has been taken of Articles referred to in the United Nations Convention on the Rights of the Child (UNCRC)¹⁵. Treaty obligations are not, in themselves, enforceable in UK courts. But they are reflected in a number of statutes in UK legislation relating to children. The obligations can be relevant to interpreting and applying legislation e.g. the Equality Act 2010. In recommending to prioritise child

15 <https://www.ohchr.org/en/instruments-mechanisms/instruments/convention-rights-child>

maintenance payments alongside the FRR, we have identified the best interests of the child (Article 3) and the rights of a child to an adequate standard of living (Article 27) to be particularly relevant. Prioritising child maintenance alongside the FRR helps to look after the best interests of the child since the analysis shows that most of the affected paying parents who lose out are single without children, while all of the corresponding receiving parents will have care of children.

This analysis of the effect on CM deductions shows that applying the FRR in isolation has a disproportionately negative effect on receiving parents, since 22,000 monthly CM deductions would not be collected from paying parents. Receiving parents are almost all female, more likely to be disabled and are more likely to be aged between 25 and 49 than the rest of the population. In addition, these parents are less likely to be married and more likely to be divorced than the E&W population.

Applying the CM mitigation to the FRR policy results in an estimated 32,000 more CM deductions being taken from paying parents. The UC paying parent households that retain less UC entitlement are more likely to be males and aged between 30 and 44 than the UC population; more likely to be single UC households without children and more likely to be disabled than the UC population.

The CM mitigation means 32,000 more CM deductions are taken than under the FRR alone, and that 26,000

households retain less of their entitlement. However, the combined effect of the FRR and CM mitigation means that the number of households that retain less reduces to 5,400, 0.1% of the UC population, versus 1.2 million households that benefit, 21% of the UC population.

The policy is applied equally to all households and so the effects across protected characteristic groups are also applied equally. The indirect impacts resulting from the different characteristics of receiving parents and paying parents could be justified on multiple grounds:

- Meeting the objective of ensuring that parents support their children financially and help reduce child poverty
- Although the policy disproportionately affects males because they tend to take the role of paying parent and females receiving parents, the policy does not discriminate on the basis of gender and operates in a gender-neutral way.
- While there are disproportionate impacts on paying parents with disabilities, there would also be disproportionate impacts on receiving parents with disabilities who would be disadvantaged without this change
- The policy reduces the chances of paying parents accruing arrears of child maintenance

In addition, the provision of the sunset clause means the impacts of the policy will be monitored, while ensuring payments to receiving parents are protected. As part of the evaluation process, equality of opportunity and the fostering of good relations between individuals with protected characteristics and those who don't, will be actively promoted through fair attention to complaints. Complaints and concerns, raised by individuals with protected characteristics, will be given the same level of attention and care as any other concerns and an accessible complaints process will be provided to encourage individuals to report any issues of discrimination, inequality or unfair treatment.

Lead Analyst Sign off
Amy Morgan
Lead Legal Sign-Off
Edgar Craven
Lead Policy Sign-Off
James Snelling

Letter to the Secretary of State from the Social Security Advisory Committee

SOCIAL SECURITY
ADVISORY COMMITTEE

The Rt. Hon Liz Kendall MP
Secretary of State for Work and Pensions
Department for Work and Pensions
Tothill Street
Caxton House
London
SW1H 9NA

21 February 2025

Dear Secretary of State,

The Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025

The above draft regulations were presented to the Social Security Advisory Committee (SSAC) for statutory scrutiny at an extraordinary meeting on 14 February 2025. This meeting was arranged outside of our normal schedule to accommodate the timely scrutiny of these regulations, while ensuring that they could be introduced in good time to minimise (for the next 12 months) the impact of the introduction of the Fair Repayment Rate

on the number of child maintenance deductions taken¹⁶. The Committee's strongly held view is that there are considerable benefits in draft legislation being presented to SSAC for scrutiny before being laid and that 'urgency' should be used only in exceptional circumstances, so we are grateful that you provided an opportunity for that to happen rather than moving to invoke the urgency provision on this occasion¹⁷.

The Department has stated that these regulations intend to tackle child poverty by maintaining payments for child maintenance through Universal Credit deductions by moving them further up the priority order to become the first third-party deduction to be taken from benefit

16 The Fair Repayment Rate will be introduced on 7 April 2025. Without the proposals introduced by the above regulations, the Department for Work and Pensions has advised us that (1) there would be [REDACTED] fewer child maintenance deductions made per month, and this is estimated to affect around [REDACTED] children per month (*estimated [REDACTED] children based on an average of [REDACTED] to each CM deduction*), and (2) [REDACTED] receiving parents would lose their child maintenance payment for the child, which works out to be, on average, £29 per month (after accounting for fees). [Unpublished data in this footnote has been redacted at the request of DWP].

17 Section 173 of the Social Security Administration Act 1992.

entitlement. Child maintenance will also become one of the deductions that can be taken over the overall deductions cap, which is to be reduced from 25 percent to 15 percent on 7 April 2025.

Having given careful consideration to the detailed proposals and evidence presented to us by the Department, the Committee has decided to take the regulations on formal reference, in accordance with sections 172(1) and 174(1) of the Social Security Administration Act 1992. This decision is predominantly predicated on the fact that the Department, by its own admission, does not yet possess sufficient evidence of the potential impact of these proposals, including potentially significant poverty impacts on the paying parent and their household, including other children who live with them or those with protected characteristics.

However, in taking that decision we are cognisant of the challenging timescales within which you are operating for the implementation of these proposed regulations, and the consequences of that timescale not being achieved. Hence, this letter serves also to reflect an expedited process, whereby we share with you a set of recommendations, based on our scrutiny thus far, rather than taking time to seek additional input.

To that end, the Committee is also mindful of the commitment given by the Minister for Social Security and Disability that your officials will return to SSAC, within six months from the date the Statutory Instrument comes into force, with the data gathered and its analysis of

the impact of the child maintenance deduction change, and the decision on the most appropriate way to treat the child maintenance deduction once the 12 month temporary period has elapsed.¹⁸ The Committee also welcomes the fact that you are keen to understand the impact of such changes to the deduction arrangements before making them permanent. Indeed, this is in line with the advice the Committee has consistently provided to the Department in recent years.¹⁹

Our advice and recommendations will therefore, for the purposes of this formal reference, focus on elements that we consider need to be in place before the proposals come into force.²⁰ These are:

Equality Impact Analysis

As mentioned earlier, the Department does not yet have sufficient evidence of the possible impacts the proposals

18 Letter from the Minister for Social Security and Disability to Dr Stephen Brien (10 February).
Copy provided at annex A.

19 For example, in relation to the regulations which introduced the means-testing of the Winter Fuel Payment in 2024; the changes to the Administrative Earnings Threshold in 2023 and 2024; and those relating to the Fuel Direct arrangements in 2022.

20 I plan to write to you separately with additional observations and advice pertaining to some broader issues relating to these and other regulations which I look forward to discussing with you in due course.

may have on those directly affected or their households, which may also include children or other individuals with protected characteristics.²¹ We were told that datasets were insufficient and or the cohort was too small for valid statistics. This is understood by the Committee. However, it does not obviate the obligation under the Equality Act to consider those with protected characteristics, and a lack of consideration of these issues raises a risk of Judicial Review.

Recommendation 1: We recommend that, ahead of the regulations being laid, the Department urgently and transparently sets out:

- (a) how it has given due regard to its obligations under Section 6 of the Equality Act 2010 and Section 149 of the Public Sector Equality Duty; and**
- (b) the impact on child maintenance deductions of implementing the Fair Repayment Rate without the mitigating measures brought forward in these regulations.**

Coming into force date

We have been advised that the Fair Repayment Rate measure will take effect from 7 April 2025, which means that it will impact on assessment periods that end from 6

21 Section 6 of the Equality Act 2010 refers

May onwards. However, the proposed regulations bring the changes to the priority order for child maintenance into effect from 30 April 2025. We are concerned that paying parents with an assessment period ending between 30 April and 5 May 2025 inclusive could find themselves impacted by both the higher legacy 25% deduction rate and in addition child maintenance deductions, since provision is made for them to exceed the deductions cap.

Recommendation 2: We recommend that, unless the Department can provide an assurance that the proposed twin track approach will not have a negative impact on claimants, the implementation dates for each of these measures should be aligned.

A commitment to allow claimants to make representations about affordability before deductions commence

The Committee is cognisant of the recent outcomes and principles enunciated in the judgments in *SSWP v Timson* [2023] EWCA Civ 656 and in *SSWP v Roberts* [2025] EWHC 51. Whilst acknowledging that the Timson case did not cover Universal Credit and the relevant regulations were different from those applying to Universal Credit; nonetheless, the procedural requirement to contact the claimant in advance²² appear

22 Paragraphs 66 and 67 refer.

to remain germane to claimants adversely affected by the proposals here.²³ Moreover, the principle of procedural fairness of contacting claimants in advance to make representations before deductions are made is reaffirmed in the Roberts judgment.

Recommendation 3: We recommend that appropriate arrangements are put in place to contact claimants in advance of additional deductions being made where the new regulations apply, in order that the claimant has an opportunity to make representations about their ability to pay.

Establishing an effective communications approach

Your officials advised us that the Department's communications approach has yet to be formulated but that, as a significant amount of engagement already takes place with customers regarding child maintenance; communication of these changes should be relatively straightforward. However, it may be that some impacted by these proposals do not engage with this service or may not be aware and/or fully understand the ramification

23 As a result of these proposed changes, approximately [REDACTED] UC households will experience higher overall deductions, notwithstanding the provisions of the Fair Repayment Rate. [Unpublished data in this footnote has been redacted at the request of DWP].

of these changes or why they are being introduced. On the latter point, it will be particularly important to ensure that paying parents are not under a misconception that more deductions are being made as a consequence of action taken by the receiving parent rather than simply the result of a regulatory change. Any misunderstandings of this nature have the potential to place some receiving parents at risk of negative engagement from the paying parent. As indicated above, case law would also intimate that the Department needs to do more than just indicate that these changes will occur but also explain the impact to the individuals concerned.

Recommendation 4: We recommend that a comprehensive and effective communications approach is put in place urgently. This needs to make clear to both receiving and paying parents what is happening, why, and that there may be further changes after the sunset clause brings these proposals to an end on 1 May 2026.

Further analysis

We are grateful for the commitment provided by the Minister for Social Security and Disability that your officials will present evidence and analysis of the impact of the child maintenance deduction change in the autumn. We will write to him separately to share our views on what analysis is required in preparation for that discussion. For example, we see the need to include a qualitative element with interviews with affected claimants

both those benefitting and those adversely affected in order to gauge impact.

Recommendation 5: we would welcome a commitment from the Secretary of State that the Department will engage positively with SSAC to agree a set of analysis to be undertaken over the course of the next six months.

The Committee would welcome your consideration of, and responses to, our recommendations before the regulations are laid. We consider it necessary that these elements are considered and acted upon as a matter of urgency to ensure that any negative and/or unintended consequences are fully understood and, where appropriate, are addressed or mitigated. In the meantime, the Committee stands ready to engage with the Department on developing its plans to gather and examine the requisite evidence and analysis of impact over the next six months.

I would be happy to discuss any aspect of this report with you if that would be helpful.

A copy of this report goes to the Rt Hon Sir Stephen Timms MP (Minister for Social Security and Disability), the Baroness Sherlock OBE (Minister of State, Lords) and Katie Farrington.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Brien', written in a cursive style.

Dr Stephen Brien
SSAC Chair

ANNEX A – Letter from the Minister for Social Security and Disability, dated 13 February 2025, to the Chair of SSAC



Department
for Work &
Pensions

**Sir Stephen Timms,
Minister for Social Security
and Disability.
Minister of State for Work
and Pensions
Caxton House
Tothill Street
London
SW1H 9DA**

Social Security Advisory Committee

13/02/2025

Dear Stephen,

Fair Repayment Rate (FRR) and Child Maintenance Deduction in Universal Credit

I am writing to thank you for accommodating the Departments officials with the opportunity to attend a meeting on 14 February 2025 outside your usual scheduled timetable for the scrutiny of these urgent proposals. This will ensure the SI can come into force from 30 April 2025.

The Government is committed to tackling poverty and child poverty. As you are aware, on 30th October the Chancellor announced at the Autumn Budget a Fair Repayment Rate (FRR), this measure was a reduction

to the Universal Credit (UC) deductions cap from 25% to 15% of the standard allowance from April 2025. This change will help approximately 1.2 million UC households with deductions retain more of their award, on average £420 a year or £35 per month. A regulation change is not required for this measure.

The second measure was to place the child maintenance (CM) deduction higher up in the deductions Priority Order (PO). This would ensure that when UC is operating with a deductions cap of 15% from April 2025, the Department will continue to protect at least the current number of CM deductions made per month. The reason this measure affords this protection is, if the CM deduction were to remain in its current position in the PO the number of CM deductions made per month would significantly reduce. This means the receiving parents would not lose their CM payment for the child which works out to be on average £29 per month.

Currently the CM deduction is lower down the PO and the order is prescribed in paragraph (5) sub para (2) of Schedule 6 of The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013.

The position of the CM deduction in the priority order will impact the number of deductions made and potentially the space for other deductions. We plan to move the CM deduction to become the first third-party deduction to be

taken before housing and fuel arrears, which will require a regulation change to deliver.

The Statutory Instrument (SI) will be in place for a temporary period of one year. Within this period officials will gather robust internal evidence of the impact the change regarding the CM deduction has on UC households and Child Poverty. Officials will also work closely with Citizens Advice to gain external evidence of the impacts of the CM change. The evidence will help to shape and determine the most appropriate way to treat and/or categorise the CM deduction post the temporary period elapsing.

We recognise the important role of the Committee in its consideration of draft regulations and are grateful for the flexibility you have shown in ensuring that scrutiny can take place before the regulations are laid. I am content for officials to attend a committee's meeting to discuss the changes to the regulations, and to answer any questions the Committee may have. My officials will return to SSAC, in 6 months from the date the SI comes into force, with the evidence and analysis of the impact of the CM deduction change, and the decision on the most appropriate way to treat the CM deduction post the temporary period elapsing.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Stephen Timms', with a stylized flourish at the end.

Sir Stephen Timms
Minister of State for Work and Pensions

ANNEX B – Letter to the SSAC Secretary, dated 6 February, from Universal Credit Policy division



Department
for Work &
Pensions

Universal Credit Policy
Division
Caxton House
Tothill Street
London.
SW1H 9NA.

Denise Whitehead Secretary
Social Security Advisory Committee
Caxton House
Tothill Street
London
SW1H 9NA

06 February 2025

Dear Denise,

Fair Repayment Rate (FRR) and Child Maintenance Deduction in Universal Credit

In accordance with section **172 of the Social Security Administration Act 1992**, I am putting the modification of the regulation below before the Committee for consideration.

The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 ("the 2013 C&P Regulations"), with

specific reference to, Schedule 6 paragraph 5 (2) and paragraph 5 (4).

As you are aware, on 30th October the Chancellor announced at the Autumn Budget a Fair Repayment Rate (FRR), this measure was a reduction to the Universal Credit (UC) deductions cap from 25% to 15% of the standard allowance from April 2025.

In addition to the FRR measure a second measure related to the FRR was published, namely, to move the child maintenance (CM) deduction higher up in the Priority Order (PO). A regulatory change is required for this measure because the position of the CM deduction (referred to as, ***“Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these Regulations”***) is prescribed in the ***“2013 C&P Regulations”*** and it is also prescribed in Schedule 6 paragraph 5 (4) which deduction has priority over all other deductions listed in the PO.

We plan to move the CM deduction to become the first third-party deduction to be listed in the regulated PO and the Statutory Instrument (SI) will be in place for a temporary period of one year.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J. Snelling', with a stylized flourish at the end.

James Snelling

Email: JAMES.SNELLING@DWP.GOV.UK

Social Security Advisory Committee Memorandum

THE UNIVERSAL CREDIT, PERSONAL INDEPENDENCE PAYMENT, JOBSEEKER'S ALLOWANCE AND EMPLOYMENT AND SUPPORT ALLOWANCE (CLAIMS AND PAYMENTS) (MODIFICATION) REGULATIONS 2025

Part One – Policy

INTRODUCTION

1.1 In accordance with section 172 of the Social Security Administration Act 1992, the Department for Work and Pensions is putting the proposed, *Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025* before the Committee for consideration. The Regulations are subject to the negative resolution procedure and make a couple of modifications in respect of where the child maintenance deduction sits in the regulated priority order and the priority the child support deduction takes over other deductions [if agreed] in the following regulation:

- *The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments)*

(Modification) Regulations 2025 – Schedule 6, paragraphs 5(2) and paragraph 5(4).

Commencement and application of the proposed changes

1.2 Subject to an agreement by the Committee, not to take these draft regulations on formal reference, and the agreement of the Parliamentary Business and Legislation Committee, the Department intends to make and lay the amending instrument by 27th March 2025 with a coming into force date of 30th April 2025.

POLICY OBJECTIVE (data not to be published or placed in the public domain)

Background:

1.3 At the Autumn Budget, on the 30th of October 2024, the Chancellor announced the Fair Repayment Rate (FRR) measure, reducing the Universal Credit (UC) overall deductions cap from 25% to 15% of the claimant's UC standard allowance. This measure alone is estimated to enable approximately 1.2 million UC households retain more of their UC award, on average by £420 a year or £35 per month, helping to support the Government's aim of tackling household poverty as these UC household will have more of their UC award to meet their day-to-day needs.

The modification to the regulated priority order:

1.4 In addition to the FRR measure, set out above, a second measure, related to the FRR was published, on the 11th of November 2024, in the following publication,

*“Estimated number and type of GB families and individuals in families benefitting from the uprating of benefits in financial year 2025 to 2026 and the Fair Repayment Rate”. The second measure being, “**child maintenance (CM) deduction would be moved higher up the priority order (PO)**”.*

1.5 This second measure will ensure that when UC is operating with an overall deductions cap of 15%, from April 2025, the Department will continue to protect at least the current number of CM deductions made per month, approximately [REDACTED].²⁴ The reason this measure affords this protection is, if the CM deduction were to remain in its current position in the priority order, the number of CM deductions made per month would significantly reduce (see table 1 at paragraph 2.3). Furthermore, this measure means, receiving parents will continue to receive their CM payment for the child, which works out to be, on average, £29 per month (after accounting for fees).

1.6 The position of the CM deduction, in the regulated Priority Order (PO) (see Annex A), is prescribed by paragraph (5) sub paragraph (2) of Schedule 6 of The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013. Therefore, it is necessary to amend the said paragraphs so that the CM deduction can be moved higher up the

24 This unpublished data has been redacted at the request of DWP.

PO. The CM deduction will be moved from (h) in the regulated PO to (za) in the regulated PO. This means, the CM deduction will be the first third party deduction (TPD) to be deducted.

1.7 The CM deduction measure helps to support the Government's aim of tackling child poverty as it protects payments for children.

Part 2 – Impact (data not to be published or placed in the public domain)

Introduction

2.1 If the CM deduction measure **were not** to be implemented simultaneously with the planned implementation of the FRR measure (reducing the overall deductions cap from 25% to 15%), from April 2025, analysts have estimated that this would result in the number of CM deductions being made per month reducing from approximately [REDACTED] to an estimated [REDACTED] per month when the overall deductions cap is set at 15%. (see table 1 paragraph 2.3). This means, **(1)** there would be [REDACTED] fewer CM deductions made per month, and this is estimated to affect around [REDACTED] children per month [REDACTED], and **(2)** [REDACTED] receiving parents would lose their CM payment for the child, which works out to be, on average, £29 per month (after accounting for fees).²⁵

25 Unpublished data in this paragraph has been redacted at the request of DWP.

2.2 The modification, namely, moving the CM deduction from (h) to (za) to be the first TPD to be deducted in the regulated PO coupled with a policy choice to allow for this deduction to be made, even if it would result in the overall deductions cap of 15% being exceeded, results in an estimated ██████ monthly CM deductions being made (**see table 1** in section 2.1). Table 2 in section 2.1 (see highlighted column) sets out the estimated number of UC households with a successful CM deduction exceeding the overall deductions cap of 15%.

Evidence and Rationale (data not to be published or placed in the public domain)

2.3 The table (table 1) below summarises the *estimated impact* on the number of monthly CM deductions paid under each option versus the current deduction policy:

Table 1²⁶

May-24 data	Monthly CM deductions paid	Difference vs Current Policy
Current Policy (25% Cap and CM deduction 7th TPD)	██████	-
████████████████████ ██████████████████	██████	██████
15% cap and CM first TPD	██████	██████

26 Unpublished data in this table has been redacted at the request of DWP.

2.4 The table (table 2) below shows the ***estimated*** number of UC households with a CM deduction and pay more than the deductions cap with regards to the following scenarios:

- current policy – cap set at 25% and CM deduction as the 7th TPD in the regulated priority order,
- the FRR only – 15% overall deductions cap, and CM deduction as 7th TPD, and
- **Proposed CM deduction measure – cap set at 15% and the CM deduction as the 1st TPD in the regulated priority order.**

2.5 UC deductions policy limits the number of Third-Party deductions to three. Analysis shows that in May-24, around [REDACTED] UC households with a CM arrangement via UC had one or more third party deduction that are allowed to breach the deductions cap, which are, rent arrears or service charge arrears and/or gas arrears and electricity arrears. Of these, only a very small number [REDACTED] would be prevented from paying a gas or electricity arrears due to moving CM deductions above housing costs and fuel costs.²⁷

27 Unpublished data in this paragraph has been redacted at the request of DWP.

Table 2²⁸

Number of UC Households with CM deductions in May-24			
Total Amount Deducted as % of UC standard allowance	Current Policy (25% cap and CM deduction 7th TPD)	15% Cap Only and CM deduction as 7th TPD	
Equal to 15% or less			
15% to 20%			
20% to 25%			
25% to 30%			
30% to 35%			
35% to 40%			
Greater than 40%			
Total			
Total Breaching cap			

28 Unpublished data in this table has been redacted at the request of DWP.

Table 3²⁹

Proportion of UC Households with CM deductions in May-24			
Total Amount Deducted as % of UC standard allowance	Current Policy (25% cap and CM deduction as 7th TPD)	15% Cap Only and CM deduction as 7TH TPD	
Equal to 15% or less			
15% to 20%			
20% to 25%			
25% to 30%			
30% to 35%			
35% to 40%			
Greater than 40%			
Total			
Total Breaching cap			

2.6 The tables (table 2 and table 3) above show that about UC households with a CM deduction (households) breach the deductions cap under the 15% cap when the CM deduction is positioned as the first third party deduction (TPD). Of the that breach the cap, roughly breach the cap as a direct result of the CM deduction. A small number of households end up with much larger deduction amounts as the CM deduction, housing cost

29 Unpublished data in this table has been redacted at the request of DWP.

arrears and fuel cost arrears deductions cannot be taken within the 15% deduction cap, meaning that the overall deductions cap is exceeded for deductions for housing costs, fuel cost and child maintenance.³⁰

2.7 Table 2, above, also shows that under the current policy (with a 25% deductions cap) around [REDACTED] households have a total deduction of less than 15% of their standard allowance, but under a 15% cap this increases to [REDACTED]. The increase comes from those households that had more than 15% total deductions under the current policy and those extra deductions were further down the priority order than CM. The other deductions that are taken after CM in the current policy are not taken under the 15% policy, so the total amount deducted reduces and for [REDACTED] of these households the new total is less than 15%.³¹

2.8 Of the [REDACTED], UC households that breach the 15% deductions cap when the CM deduction is positioned as the first TPD, around [REDACTED] (roughly [REDACTED] households with a CM deduction) are worse off by [REDACTED] per month on average than under the current policy (see table 4).³²

30 Unpublished data in this paragraph has been redacted at the request of DWP.

31 Unpublished data in this paragraph has been redacted at the request of DWP.

32 Unpublished data in this paragraph has been redacted at the request of DWP.

Table 4³³

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Regulatory Clarity and Alignment

2.9 The Statutory Instrument (SI) will temporarily modify paragraph 5, sub-paragraph 2 and sub-paragraph 4 of Schedule 6 of, *“The Universal Credit, Personal Independence Payment, Jobseeker’s Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013”* (S.I. 2013/380), **for 12 months.** The modification is necessary to meet the commitment made by the Government regarding the CM deduction measure which was published, on the 11th of November 2024, in the following publication, *“Estimated number and type of GB families and individuals in families benefitting from the uprating of benefits in financial year 2025 to 2026 and the Fair Repayment*

33 Unpublished data in this table has been redacted at the request of DWP.

*Rate” – said the “**child maintenance (CM) deduction would be moved higher up the priority order (PO)**”.*

2.10 The regulatory modification will support an [REDACTED]³⁴ paying parents, claiming UC, to be able to meet their child maintenance responsibility.

Effective delivery of the policy objective?

2.11 Moving the CM deduction from (h) to (za), to be the first TPD in the regulated PO will support the policy intent of protecting the number of CM deductions made when the overall deductions cap is set at 15%. These CM payments provide vital financial support to receiving parents on average, £29 per month (accounting for fees) Furthermore, it helps to support the Government's aim of tackling child poverty.

Consideration given to the impact on, or consequences for, other social security benefits – including consistency issues, operational issues, impact on claimants/others etc

2.12 Whilst we have concluded that there are no impacts on other social security benefits there is a potential for unintended impacts on UC operations, Child Maintenance Service, and third-party creditors. These unintended impacts could be things such as the following:

- Increase telephony contact from both paying and receiving parents of child maintenance.

34 This unpublished data has been redacted at the request of DWP.

- Complaints from some of the paying parents in relation to being worse off as a result of the modification (see table 4 above) and that we are prioritising CM deduction over other TPDs, such as, Council Tax arrears and court fines.
- Complaints from some third-party creditors because the debt is recovered at a slower rate.

Impact on overall complexity

2.13 We have concluded the modification to the regulation, in respect of the regulated priority order, neither increases nor reduces the overall complexity because the CM deduction already exists within the deductions policy.

Burden on; Individuals, the Department, other parts of central government, local authorities, and employers, the voluntary sector and others.

2.14 We have concluded the modifications to the regulation in respect of the regulated priority order, neither adds nor reduces the burden on, individuals, the Department, employers, and the voluntary sectors. However, there is a protentional to add a burden to local authorities (LA), in respect of recovering council tax arrears, His Majesty's Courts & Tribunals Service (HMCTS), in respect of recovering court fines, water suppliers, in respect of water arrears, and energy suppliers, in respect of gas and electricity arrears.

2.15 The reason for there being a potential additional burden to the organisations sited in paragraph 2.14 is

related to the regulatory constraint of only permitting a maximum of three TPD's to be deducted per assessment period. This means, under the current policy, for example, if a UC customer had a combination of TPDs for, rent arrears (RA), electricity arrears (EA), gas arrears (GA) and child maintenance (CM), only, RA, EA, and GA would be deducted therefore leaving CM to not be deducted. With the modification to the regulated priority order, CM, RA and EA would be deducted but GA would not be deducted.

2.16 With regards to the potential to add a burden, set out in paragraphs 2.14 and 2.15, policy officials have liaised and communicated with LA's, HMCTS, Ofwat, Ofgem and DESNZ and these organisations fully understood and accepted the reason for the temporary change and the consequences it would have on the recovery of their debts.

Consequence Analysis and impact

2.17 Child maintenance (CM) officials have estimated that by moving the CM deduction to be the first third party deduction in the regulated priority order will approximately lift an estimated [REDACTED] to [REDACTED] children out of poverty. Furthermore, CM officials, estimate that this measure will boost the Child Maintenance Service's compliance rate by [REDACTED] percentage points, reaching [REDACTED].³⁵

35 Unpublished data in this paragraph has been redacted at the request of DWP.

Public Sector Equality Duty (PSED)

2.18 The Equality Impact Analysis (EIA) which provides assurance that the Department had met the requirements of the PSED is attached as a separate document.

Indirect/broader impacts and consequences

2.19 Departmental officials have considered and concluded that the proposed modifications will not have an indirect impact on other customer groups.

Impacts on work coaches and other operational staff

2.20 Whilst all operational staff, such as, work coaches, case managers and telephony staff across the Department will need to be upskilled and provided with detailed information regarding the CM change to ensure they continue to appropriately support customers with regards to the change, it must be noted that this falls within business-as-usual practices. This means that there is limited impact on operational staff.

Impact of the proposed modification in practical terms for specific groups of claimants?

2.21 Modelling data from May 24 shows that the policy increases the number of CM deductions paid from 

██████████, under the current policy, to ██████████, under the new policy.³⁶

2.22 The table below shows the headline impacts on the UC caseload of the new policy. Further information on the effect of the policy on different groups is outlined in the separate equality analysis document.³⁷

Impact on households	Number	Proportion	Average Deduction Change per month
Deduction Increase (Losers)	██████████	██████████	██████████
No Change: Households with a deduction	██████████	██████████	██████████
Deductions Decrease (Winners)	██████████	██████████	██████████
No Change: Households with no deductions	██████████	██████████	██████████

Impact on Scotland

2.23 Whilst all means-tested benefits (inclusive of Universal Credit) are reserved to Great Britain, departmental policy officials have checked whether the proposed modifications have an impact on Scottish benefits. Departmental policy officials have concluded

36 Unpublished data in this paragraph has been redacted at the request of DWP.

37 Unpublished data in this table has been redacted at the request of DWP.

that there are no known impacts in relation to Scottish benefits.

Impact on Northern Ireland

2.24 Departmental policy officials have liaised with their counterparts in the Department for Communities (DfC) to make them aware of the proposed modifications. To date, DfC officials have not raised any objections or concerns if they chose to mirror Great Britain's modifications.

Consequences on citizens

2.25 Departmental officials have considered and concluded that the proposed modifications will neither have a positive or non-positive impact on citizens.

Other evidence

2.26 A variety of stakeholders, such as, *Joseph Rowntree Trust, Trussel Trust and Child Poverty Action Group*, have consistently championed and provided independent reports, such as, "*Essentials Guarantee and Minimum Income Floor*," highlighting that deductions made from UC are causing customers hardship and pushing many into poverty. The recommendation was for a reduction to the overall deductions cap, from 25% to 15% of a claimant's UC standard Allowance.

2.27 In the light of internal analysis (see tables 1 – 4 above), regarding the impact reducing the overall deductions cap from 25% to 15% would have on the number of CM deductions made, if the CM deduction remained in its current position in the regulated PO, it

was deemed necessary to move the CM deduction higher up the regulated priority order.

2.28 Moving the CM deduction to (za) in the regulated PO, to be first TPD deducted, protects the number of CM deductions made per month when UC is operating with an overall deductions cap of 15%.

Consultation

2.29 No formal consultation has been conducted, the Departments officials have engaged with LA's, HMCTS, Ofwat, Ofgem and DESNZ to inform them of the temporary change only. To note that all the organisations did not raise any objections and fully understood and accepted the need for the change.

- The existing regulations provide the power for the Secretary of State to modify the order in which deductions are taken from a UC award and paid to a third party via secondary legislation.

Implementation practicalities

2.30 In the light of competing priorities, such as, annual uprating and the Move to Universal Credit (UC) project, departmental officials worked closely with UC Service Digital colleagues to establish what could be delivered, in respect of the commitment to move the CM deduction higher up the regulated Priority Order (PO) from April 2025.

2.31 In order to meet the commitment to move the CM deduction higher up the regulated PO, from April 2025, and to also further ensure that the policy

intent of this measure – protecting the number of CM deductions made when UC is operating with an overall deductions cap of 15%, from April 2025 – can be met, the following was concluded and agreed upon in relation to deliverability:

- amend the UC system build so that the CM deduction will be the first third-party deduction taken from a UC award, and
- amend the UC system build to deduct the CM deduction, even if this would result in the overall deduction cap of 15% being exceeded.

Interaction with Devolved Administrations

2.32 All means-tested benefits are reserved to Great Britain. Were any change to be made it will therefore apply equally in Scotland and Wales. Any changes for Northern Ireland rests with the Department for Communities (DfC) who usually replicate the Department's legislation in accordance with the principle of maintaining parity between the two social security systems. The Department has informed DfC that Ministers have agreed to introduce the CM deduction measure.

Financial Considerations

2.33 Child maintenance deductions are currently being deducted from a claimant's Universal Credit award (where applicable) therefore this amendment – positioning the CM deduction as the first third party deduction in the regulated Priority Order – does not

result in the Department occurring any additional costs with specific regards to, **(1)** Departmental Expenditure Limit (DEL) because the changes required to deliver this amendment fall within the current DEL, and **(2)** Annually Managed Expenditure because it doesn't affect the Universal Credit benefit rates.

2.34 With regards to savings, no savings have been identified.

Monitoring and Evaluation

2.35 The Statutory Instrument (SI) will be in place for a temporary period of one year, using the legal provisions of the sunset clause. Within the temporary period officials will collaborate with LA's, HMCTS, Ofwat, Ofgem and DESNZ monitoring the impacts of the CM deduction change.

- Child Maintenance Service (CMS) and Universal Credit (UC) will monitor all feedback internally and externally, from customers, stakeholders, third-party creditors and Government Departments. Officials will also gather internal analytical evidence on the impact the amendment has on child poverty.
- UC officials will also work closely with **Citizens Advice** to gain independent analysis. The evidence will help to shape and determine the most appropriate way to treat the CM deduction post the temporary period elapsing.

Communication and Guidance

2.36 Communications internally:

- For UC customers directly affected by the CM deduction change, UC Product and Design, will consider the best option to target communication.
- All internal guidance will be updated to reflect the change the CM deduction will have on the priority order.
- Contact Centre telephony staff within UC and CMS will be provided with detailed information regarding the change to CM deduction to support claimant queries. This will ensure consistent information is being given to customers.
- Work coaches will be upskilled and provided with detailed information regarding the CM change to ensure they continue to have conversations about financial hardship, and signpost customers to national and/or local debt organisations.

2.37 Communications with external stakeholders:

We will communicate the change for CM deduction in a range of ways:

- Touchbase the regular newsletter from DWP that is sent to external stakeholders.
- Partnership News a publication that goes to all DWP's Partnership Managers.

- Operational Stakeholder Engagement Forum (OSEF), ensuring an article is published in the Operational Update that is sent to members.
- We will contact key stakeholders such as Citizens Advice and Money Saving Expert.
- Post a message on the Department's Facebook & Twitter page.

Part Three – The SSAC meeting

Key discussion points

3.1 There are no specific key discussion points to draw the committee's attention to.

3.2 Attendees

- Duncan Gilchrist – Deputy Director for Child Maintenance, Decision Making & Appeals, Poverty, Families and Disadvantage Directorate.
- James Snelling – Universal Credit Policy Team Leader for Health, Childcare, Initial Assessment Period, Advances and Deductions.
- Zaidah Chisty – Universal Credit Policy – deductions from UC policy
- Leon Garfield – Universal Credit Policy – deductions from UC policy
- Owen Magrath – Universal Credit Analysis Division.
- Edgar Craven – Government Legal Department – DWP Legal Advisor.

- Issa Hussain – Government Legal Department – DWP Legal Advisor.

ENDS

ANNEX A: EQUALITY IMPACT ANALYSIS

In response to concerns raised by the Committee, the original equality impact analysis has been superseded by a revised version which is provided as an annex to the Secretary of State's Statement to SSAC's report dated 25 February 2025.

ANNEX B – draft Statutory Instrument

STATUTORY INSTRUMENTS

2025 No.

SOCIAL SECURITY

The Universal Credit, Personal Independence Payment,
Jobseekers Allowance and Employment and Support
Allowance Claims and Payments) (Modification)
Regulations 2025

Made - - - -

Laid before Parliament

Coming into force - -

30th April 2025

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 5(1)(p) and 189(1), (4) and (5) of the Social Security Administration Act 1992(a).

In accordance with section 173(1)(b) of the Social Security Administration Act 1992, the Social Security Advisory Committee has agreed that the proposals in respect of these Regulations should not be referred to it.

(a) 1992 c. 5. Section 189 is amended by paragraph 109 of Schedule 7, and Schedule 8, to the Social Security Act 1998 (c. 14), paragraph 57(2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2), Schedule 6 to the Tax Credits Act 2002 (c. 21) and S.I. 2013/252

Citation, commencement, extent and cessation

1.—(1) These Regulations may be cited as the Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025 and come into force on 30th April 2025.

- These Regulations extend to England and Wales and Scotland.
- These Regulations cease to have effect on 1st May 2026.

Modification of the Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013

2. Schedule 6 to the Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013**(b)** is to be read subject to the following modifications—

(a) in paragraph 5(2)—

(i) as if before paragraph (a) there were inserted—

“(za) Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these Regulations;”;

(b) S.I. 2013/380, amended by S.I. 2014/2888

(ii) as if paragraph (h) were omitted;

(b) in paragraph 5(4), as if for “housing costs” there were substituted “Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these regulations”.

Signed by authority of the Secretary of State

Name

Minister of State

Date

Department for Work and Pensions

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend Schedule 6, paragraph 5(2) and paragraph 7(5) to the Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013 (S.I. 2013/380). Paragraph 5(2) contain provisions under which the Secretary of State makes deductions from Universal Credit benefits in the order of priority as between certain debts. Paragraph 5(4) relates to the priority to any such deductions in the order in which they are listed in sub-paragraph 5(2), with child maintenance having the priority.

Under regulation 1, these Regulations expire on 1st May 2026.

A full impact assessment has not been produced for these Regulations as no significant impact on the private, voluntary or public sector is foreseen.

ANNEX C – Draft Keeling Schedule accompanying the SSAC Memorandum

The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025

Keeling Schedule (Modifications to current regulations are shown in bold and in italics; omissions are shown using 'striketrough')

Modification to paragraph 5(2) and paragraph (5(4) of Schedule 6 of The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Amendment) Regulations 2025

Priority as between certain debts

5.—(1) This paragraph applies to a claimant ("C") where, in relation to any assessment period—

(a) a deduction could otherwise be made from C's award under more than one of the provisions mentioned in subparagraph (2); and

(b) the amount of universal credit payable to C in relation to that assessment period is insufficient to enable the Secretary of State to meet all of the liabilities for which in C's case deductions may be made under those provisions or the deduction, were it to be made, would mean that the maximum amount referred to in paragraph 4(1) would be exceeded.

(2)The provisions are —

(za) Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these Regulations;

- (a) paragraph 6 (housing costs) of this Schedule;
- (b) paragraph 7 (rent and service charges included in rent) of this Schedule [F8 where the amount of the deduction equals 10% of the standard allowance];
- (c) paragraph 8 (fuel costs) of this Schedule;
- (d) regulation 3 (deductions from income support etc.) of the Community Charges Regulations, regulation 3 (deductions from income support etc.) of the Community Charges (Scotland) Regulations or (because no such payments are being made in C's case) regulation 5 (deduction from debtor's income support etc.) of the Council Tax Regulations;
- (e) regulation 4 (deductions from offender's income support etc.) of the Fines Regulations F9...;
- (f) paragraph 9 (water charges) of this Schedule;
- (g) paragraph 10 (payments in place of child support maintenance) of this Schedule;
- (i) section 78(2) (recovery of social fund awards) of the Administration Act;
- (j) section 71ZH(1)(a) or (b) (recovery of hardship payments etc.) of the [F10 Administration Act] M15;

(k) section 115A (penalty as alternative to prosecution) of the Administration Act M16 where an overpayment is recoverable from a person by, or due from a person to, the Secretary of State or an authority under or by virtue of section 71 (overpayments – general) M17, section 75 (overpayments of housing benefit) M18 or section 71ZB (recovery of overpayments of certain benefits) of that Act M19;

(l) section 71 (overpayments – general), section 71ZC (deduction from benefit) M20 or section 75(4) (overpayments of housing benefit) of the Administration Act or an overpayment of working tax credit or child tax credit, where in each case, the overpayment (or part of it) is the result of fraud;

(m) section 115C(4) (incorrect statements etc.) M21 and section 115D(4) (failure to disclose information) M22 of the Administration Act;

(n) section 71 (overpayments – general), section 71ZC (deduction from benefit) or section 75(4) (overpayments of housing benefit) of the Administration Act or an overpayment of working tax credit or child tax credit, where in each case, the overpayment (or part of it) is not the result of fraud;

(o) paragraph 12 (integration loans) of this Schedule;

(p) paragraph 11 (eligible loans) of this Schedule;

[F11(pa) paragraph 7 (rent and service charges included in rent) where the amount of deduction exceeds the

minimum amount that may be deducted under that paragraph;]

F12(q).

(3) Where this paragraph applies to a claimant, the Secretary of State must make a deduction under any of the provisions mentioned sub-paragraph (2) in accordance with sub-paragraphs (4) and (5).

(4) The Secretary of State must give priority to any such deductions in the order in which they are listed in sub-paragraph (2), with Schedule 7 (deductions from benefit in respect of child support maintenance and payment to persons with care) to these Regulations having the priority.

(5) Where two or more provisions mentioned in any single paragraph of sub-paragraph (2) apply to the claimant, unless the Secretary of State directs otherwise, those deductions have equal priority with each other and the amount of such deductions are to be apportioned accordingly.

(6) For the purposes of sub-paragraph (2)(l) and (n), an overpayment is the result of fraud if, in relation to that overpayment or that part of it, the claimant —

(a) has been found guilty of an offence whether under statute or otherwise;

(b) made an admission after caution of deception or fraud for the purpose of obtaining benefit under the

Administration Act, or in the case of a tax credit, under the Tax Credits Act 2002M23; or

(c) agreed to pay a penalty under section 115A of the Administration Act (penalty as an alternative to prosecution) and the agreement has not been withdrawn.

Textual Amendments

F8 Words in Sch. 6 para. 5(2)(b) inserted (with effect in accordance with reg. 1(2) of the commencing S.I.) by The Universal Credit and Miscellaneous Amendments (No.2) Regulations 2014 (S.I. 2014/2888), regs. 1(1), 6(2)(b)(i)

F9 Words in Sch. 6 para. 5(2)(e) omitted (29.10.2021) by virtue of The Fines (Deductions from Income Support) (Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1077), regs. 1(1), 3(2)

F10 Words in Sch. 6 para. 5(2)(j) substituted (with effect in accordance with reg. 1(3) of the amending S.I.) by The Universal Credit and Miscellaneous Amendments Regulations 2015 (S.I. 2015/1754), regs. 1(1), 9

F11 Sch. 6 para. 5(2)(pa) inserted (with effect in accordance with reg. 1(2) of the commencing S.I.) by The Universal Credit and Miscellaneous Amendments (No.2) Regulations 2014 (S.I. 2014/2888), regs. 1(1), 6(2)(b)(ii)

F12 Sch. 6 para. 5(2)(q) omitted (29.10.2021) by virtue of The Fines (Deductions from Income Support) (Miscellaneous Amendments) Regulations 2021 (S.I. 2021/1077), regs. 1(1), 3(3)

Marginal Citations

M15 Section 71ZH was inserted by section 105(1) of the 2012 Act.

M16 Section 115A was inserted by section 15 of the Social Security Fraud Act 1997 (c.47) and amended by sections 1(1) and 14 of the Social Security Fraud Act 2001 (c.11) and section 105(3), section 113(1) to (7), section 114(1), section 115(1) and (2) of, and Part 1 of Schedule 14 to, the 2012 Act.

M17 Section 71 was amended by section 32(1) of, and paragraph 48 of Schedule 2 to, the Jobseekers Act 1995 (c.18), section 1(2) and (4) of the Social Security (Overpayments) Act 1996 (c.51), paragraph 81(1) and (3) of Schedule 7 to the Social Security Act 1998 (c.14) and paragraphs 8 and 10 of Schedule 2 to the State Pension Credit Act 2002 (c.16). It was also amended by paragraph 58(1) to (3) of Schedule 24 to the Civil Partnership Act 2004 (c.33), section 44(1) and (3) of, and paragraph 10(1) and (6) of Schedule 3, to, the Welfare Reform Act 2007 (c.5), section 132(4) of the Health and Social Care Act 2008 (c.14), sections 105(2) and 106(1) of, and paragraphs 7 and 10 of Schedule 9 to, the 2012 Act. A relevant amending instrument is S.I. 2008/2833.

M18 Section 75 was amended by section 16 of, and Schedule 1 to, the Social Security Administration (Fraud) Act 1997 (c.47), section 71 of the Child Support, Pensions and Social Security Act 2000 (c.19) and section 106(3) of the 2012 Act.

M19 Section 71ZB was inserted by section 105(1) of the 2012 Act.

M20 Section 71ZC was inserted by section 105(1) of the 2012 Act.

M21 Section 115C was inserted by section 116(1) of the 2012 Act.

M22 Section 115D was inserted by section 116(1) of the 2012 Act.

M23 2002 c.21.

ANNEX D – Minutes of the SSAC meeting on 14 February 2025

Social Security Advisory Committee Minutes of the meeting held on 14 February 2025

Chair: Dr Stephen Brien

Members: Les Allamby
Bruce Calderwood
Rachel Chiu
Daphne Hall
Philip Jones
Jacob Meagher
Dr Suzy Walton

Apologies: Carl Emmerson
Professor Stephen Hardy

2. The Universal Credit, Personal Independence Payment, Jobseekers Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025

2.1 The Chair welcomed the following officials to the meeting: Jenan Hasan (Director, Housing and Universal Credit), James Wolfe (Director, Poverty, Family & Disadvantage), Duncan Gilchrist (Deputy Director, Child Maintenance, Decision Making & Appeals, Poverty, Families and Disadvantage), Amy Morgan (Deputy Director, Universal Credit Analysis Division), James Snelling (Grade 6, Universal Credit, Health, Childcare, Initial Assessment Period, Advances and Deductions),

Zaidah Chisty (Grade 7, Universal Credit Policy, Deduction from UC), Louise Goulding (Grade 7, Income, Families and Disadvantage Analysis, Families and Child Maintenance), Owen Magrath (Grade 7, Universal Credit Analysis Division), Leon Garfield (HEO, Universal Credit Policy, Deduction from UC), Edgar Craven (Government Legal Department, DWP Legal Advisor) and Issa Hussain (Government Legal Department, DWP Legal Advisor).

2.2 James Wolfe introduced the session by highlighting that on 7 April the Fair Repayment Rate will reduce the maximum deductions that can be taken from a claimant's Universal Credit (UC) personal allowance from 25 to 15 percent. This is a positive measure to ensure that people on the lowest incomes can keep more of their UC. This will have an impact on creditors as less money will be given to them through deductions in benefit. In particular, it will have an impact on debt owed to the Government, landlords and utility companies.

2.3 Ministers have agreed that it is important to protect parents with care as a result of the reduction in deduction rate and, while claimants should be able to keep more of their UC, it should not be at the expense of parents receiving Child Maintenance (CM). Therefore, this measure looks to move CM up the priority order of debt recovery to ensure that [REDACTED] payments are protected, as well as potentially increasing payments to be made by a further [REDACTED]. Other methods were considered; however, this was seen as the way of ensuring most

payments were made which is positive in acting against child poverty.³⁸

2.4 The Chair noted that there were a number of themes the Committee wished to explore during its scrutiny of the draft regulations as follows:

- the current sequence of deductions and clarity of how these currently work;
- the problems that are caused by the Fair Repayment Rate (FRR) and how the movement in priority of CM deductions mitigates against this;
- the mechanics of the measure and whether this was the only way to mitigate against the problems;
- the reasons for the sunset clause after one year;
- issues around the Equality Impact Assessment (EIA) and Poverty Analysis (PA);
- the degree to which consultation has taken place or is planned;
- communications to those affected, be it the recipients or those that will have deductions taken.

Current sequence of deductions

2.5 The current policy on deductions is that they are capped at 25 percent of the standard personal allowance of UC, and deductions can be taken for a number of

38 Unpublished data in this paragraph has been redacted at the request of DWP.

reasons. The policy intent of the new measure is to reduce this to 15 percent to allow customers to have more money available to them. The impact will be that debt is recovered at a slower pace, but this will mainly have an impact on government debt, such as overpayments of benefit. Customers will have a choice to use this extra money available to them to help cover essentials or they could use this to repay debts themselves.

2.6 An unintended consequence of the FRR is that it would reduce the number of CM deductions being taken by [REDACTED],³⁹ so by moving them higher in the priority order it will ensure the deductions are still made and it should benefit 1.2 million people by £420 per year. The balance between extending the length of debt against the pressure felt by those on low incomes meeting their current cost of living was considered, resulting in this proposed measure. This has also been suggested by a number of DWP's stakeholders.

2.7 The Committee raised the following questions in discussion:

(a) Were there other concerns for the Department in implementing the FRR. What are the justifications of putting CM deductions above rent and fuel arrears? Is CM seen as more important and is

39 Unpublished data has been redacted at the request of DWP.

that a policy choice or an artefact of protecting parents with care?

The greatest impact of this measure will be on the speed of recovery of debt owed to the Government. The Department has been working closely with stakeholders such as utility companies in respect of the impact on other debts. Because CM is currently seventh in the priority order of third-party deductions, this is the one at most risk it and would have the most impact on families.

Given the cost of living, the FRR is being brought in to allow people to have more money in their pocket. Although numbers losing out on CM would be small in comparison to the numbers involved with UC, these payments are very important for those that receive them. The same decisions may still have been made even if it was going to cause issues for landlords collecting rent arrears because in reality, this is not affecting the majority of people who have deductions taken.

- (b) This could still be important for those who are having to pay back rent arrears and may lose their tenancy as a result of this change. There is a shift of risk. Is that a conscious shift as you deem the risk to parents with care as a priority?**

Rent is part of the last resort deductions, so deductions can be taken for rent arrears over the new 15 percent cap. In such a scenario this would not result in a choice between CM deductions or rent

arrears, both could be taken. Fuel arrears are the only aspect that could be at risk. However, if these deductions cease, the fuel company can contact the customer and try to set up another payment arrangement. On initial analysis the numbers that may be affected are very low; however, the tolerance on this could change and although there is currently protection should this arise, more can be assessed during the period of the sunset clause.

- (c) Although the reduction in cap to 15 percent would slow down the recovery of Government debt, will advances still be recovered over two years and if so, what are the reasons for that? Other deductions are changing but the amount someone has to pay towards an advance is not, despite the change in the cap. This could have a very significant impact.**

Advances have not changed in priority order and would still be recoverable over two years. The repayment plan is agreed with customers when the advance is taken, so they are considered outside of the priority order. They are different to overpayments of benefit. However, the Department continues to review advances, and it did consider changing recovery of advances in this situation, but it did not alter the numbers to provide a significant advantage.

- (d) How will this impact work coach discretion in how they decide on what is proportionate in taking deductions for CM or rent arrears? If someone**

has a problem meeting their CM payments, they are likely to have issues with rent arrears also. What consultation has been done regarding landlord tolerance? Is there an upper limit of what deduction can be taken?

Yes, there are limits on what can be taken for rent as a maximum cap. There is a set process of how the deductions are set and their limits. If a request is made for rent arrears, the deduction will be taken at a minimum of 10 percent, there will be no Work Coach discretion in this regard. If a customer has not met the 15 percent cap, there may be room to make a further deduction but otherwise it shall be set at 10 percent. The Department does not expect any concerns in this area as CM will be taken first, which will not reach the cap amount and then rent will be the second deduction taken.

(e) Where the cap is exceeded, what discussions will you have with customers? The 2023 Court of Appeal case, *Timson*, found that although it is not a requirement of the regulations, before a deduction is made, the Department should seek information from the customer to ensure it is affordable.⁴⁰

The *Timson* judgement applied to Legacy benefits only. The Department is considering how to

40 <https://caselaw.nationalarchives.gov.uk/ewca/civ/2023/656>

implement the judgement and allow customers to make representations with regards to the *Nathan Roberts* case for rent arrears.⁴¹ Debt Management already have checks in place to ensure customers can afford their payments.

- (f) Fuel Direct rarely takes an amount for current consumption as they now install pre-payment meters to ensure that they get the payment for current consumption. However, has this been factored in when considering if customers will have enough money to keep their energy connected? In addition, will the Department be indicating in the regulations the maximum deductions that can be taken for rent and water?**

There are already prescribed elements for arrears and how much can be taken, for example five percent can be taken for fuel arrears. Fuel direct is treated differently as the Department does not want current usage to have priority over other debts and the energy companies to state what their priority is. This is why the fuel direct changes were brought into force.

This policy does not reduce the amount of debt that is owed, it only relates to the mechanism to be applied to recover and manage that debt. On the political

41 <https://caselaw.nationalarchives.gov.uk/ewhc/admin/2025/51?query=SSWP+Roberts+%5B2025%5D+EWHC+51>

side, reducing child poverty is a key objective of the Government. CM is seen as an effective method of doing this, as to stop this payment to low-income families would be very significant. This is a conscious choice.

- (g) It is important to know what is intentional and what is consequential. Some customers will have larger deductions and, although numbers may be small, the Committee needs assurance that the Department is aware of these impacts but are still happy with what the policy is trying to achieve.**

The Department is satisfied that this is a debt that is owed from an absent parent to the parent looking after their child. It is not a payment to be made to the Department and this is why it is being given the priority it is.

Mechanics of the measure and the sunset clause

- (h) The FRR is due to come into force on 7 April with the CM priority change taking effect from 30 April. The Department has indicated that this does not matter because it will only effect those whose Assessment Period (AP) for UC ends on 6 May. However, for someone who has their AP end on 3 May, only the FRR would have taken effect?**

Why was the date of coming into force not aligned at the start, this would make the Committee feel more comfortable?

Assurances have been given that there will be no impact as a result of the differences in the dates of the measures coming into force. The FRR will take effect from 7 April for any APs that start from that date onwards. The change in priority order will be applied as a change of circumstance, so as it comes into force this will apply to the full AP.

The Department has considered APs ending in that week and from the cases considered there were no negative impacts; however, the Department welcomed the committee flagging their concern with the scenario suggested and agreed to look again outside of the meeting. Alternatively, if an issue is found a change would be considered to ensure there was no adverse risk to customers.

(i) What will happen at the end of the 12 months when the sunset clause takes effect? Will it revert back to the status quo for the priority order while the change in the FRR continues?

It is not envisaged that nothing will be done during this period. In six months, the Department will present to the Committee the next stage the future permanent policy. If the CM deductions were to move back down the priority order the issues that are present today would remain the same. The Department will review whether the CM deductions have been given the correct priority and protection of CM deductions is effective.

(j) Can you explain the problem the FRR causes and how the priority change to CM solves this because it has not been clearly articulated?

The introduction of the FRR on its own would result in an estimated [REDACTED]⁴² parents with care losing their CM and that will affect their income and impact child poverty. Alternatives have been considered but none of those apply to the parents that get CM. In dealing with this problem, it will slow down the collection of Government debt rather than having any major impact on the collection of rent or fuel arrears, except for a small number of cases where mitigation will be in place. This is what the analysis shows; however, the 12 months will allow the Department to review and make sure that the analysis is accurate. If CM payments go down or problems arise with making other deductions and the collection of rent or fuel arrears, alternatives can be considered.

(k) It does not appear that the full extent of the consequences or how these will be mitigated against are known.

The Department would not agree with that, the FRR measure in isolation would reduce CM deductions by [REDACTED],⁴³ versus the current policy. Having CM as

42 Unpublished data has been redacted at the request of DWP.

43 Unpublished data has been redacted at the request of DWP.

a last resort deduction will create solutions; however, there may be unintended consequences, and it may need to be moved higher in the priority order to deliver on the policy intent and this will be tested during the 12 months.

- (I) To clarify the plans, in six months the Department will return to the Committee with an evaluation. This will either involve continuing the proposed measure of introducing new plans. What will be the criteria to determine the success of the current measure and what research and analysis will be done over the upcoming six months to ensure measures and targets are met?**

Analysis will be done across CM and UC looking at the impact on other deductions. The Department will reach out to stakeholders to check on those impacts as well as reaching out to those who no longer have deductions made for their fuel arrears. This will also include looking at energy companies and their reaction to customers and any complaints that have been received by the Office of Gas and Electricity Markets (OFGEM). There are other areas that will be considered but those finer details need to be worked out.

The success criteria will be based on whether more CM is flowing through the system, which can be seen through DWP and internal measurement indicators. Consideration on the negative impacts on the paying parent and other creditors need to be considered as

indicated. This will also be considering the impact of both the change in FRR and priority and reviewing this alongside what the Department anticipates as indicated in the SSAC Explanatory Memorandum.

(m) If the desired effect has not been met, will the only measure to be considered for change be the mitigation measure (CM priority)?

That is correct the FRR will be a permanent change. The Department will work closely with Citizens Advice and look at the impact from an independent perspective. But the only lever to change will be that relating to the priority order of CM.

Issues around the EIA and PA

(n) Has the data collected by the Department been reviewed from the point of view of a serious case review panel?

This policy is considered unlikely to have a significant impact on the type of cases normally looked at by the serious cases review panel. However, the Department indicated it would be happy to reflect and review this.

(o) Just from the point of view of looking at harm indicators and thought about the policy changes at that level as the EIA could highlight such issues more effectively. What is the Department seeking to achieve with this policy?

The FRR will support customers to retain more of their award to budget and spend towards their daily living costs. That is the rationale. Customers will still have debt, but they will have more choice what they can do with their money. It does not affect entitlement, but it affects how much they will have in their pocket. The debts will be repaid over a longer period. The CM deduction will be a flat rate deduction so those affected will know the effect that it will have on their level of deductions. The Department is confident that very few people will be negatively affected.

(p) The idea of having choice is not a reality because the customer will not have the choice of whether they make these payments or not. This is not a debt; this is a payment for a child but what is the payment actually intended for?

CM as a benefit and a flat rate deduction has been an ongoing discussion since 2003 when it was introduced as a deduction. For 20 years this has been considered to find the best way to ensure that CM is maintained without having an undue effect on the paying parent.

(q) To clarify, the £36.40 is the flat rate payment. Would someone have to pay more than that if they had the responsibility to pay for multiple children in different families?

It is one payment and if it is for more than one child then the payment would be split.

- (r) Currently, the Department only has limited information on the current and future paying parents. At the end of six months analysis, will there be a better understanding of the full effects on the paying parents' household, and not just on the amount that they will be paying, will there be an awareness of who is affected?**

This potentially could impact the relationship between the absent parent and the child because as a result of this change, they may not have money to be able to spend time with the child etc.

More information will be available over time about the characteristics of those affected as new data becomes available for analysis. The EIA will be enhanced once this is pulled together, so there will be more information on the paying parent.

The issue of the relationship of parent and child is a wider policy issue regarding CM. There is a counter argument that by not paying CM it is likely to have a negative impact on that relationship. There is a legal responsibility to pay CM, and it is quite a basic building block in the relationship between parent and child. For this to be collected through UC deductions then an approach has been made as a result of this payment not being met. These general questions on the impact of CM and its usefulness are outside of this policy discussion.

- (s) As work is being done with energy companies and Citizens Advice to work out who is paying**

more through deductions and what the makeup of the receiving and paying parents and their households are, could the Department carry out interviews with those that may be affected and do some case studies to look at this at a granular level?

The Department agreed to take this away and consider as a possibility.

- (t) Based on the information the Department currently has, it can indicate who the paying parents, who have CM deductions being made and who will be affected? Therefore, the Department could answer questions on the impact on paying parents?**

Once the reference has gone to the CM system, there is a range of knowledge about the paying parent where it is relevant to a child maintenance arrangement, but there are limitations to the data that is available for analysis.

- (u) Between both systems there is a full knowledge of the current and future situation as well as the household of the paying parent. Therefore, the poverty impacts, net change and data analysis could be presented?**

Data on gender and other protected characteristics has only recently become available, and we have now started using this data. Any poverty analysis is done using the Family Resources Survey. Given that

the numbers that are affected by this measure are so small, it is not possible to robustly estimate the poverty impacts on this specific cohort from survey data.

- (v) The Committee understands the sample problems; however, the Department could consider poverty impacts outside of the standard analysis by taking a general look at the type of households that are receiving and paying CM. There is a concern that the gender of claimants has only just been made available, as an example, as a database is not required to know that most payees will be male. It would be better to have some view based on a general knowledge of the makeup of these households than having no view.**

Poverty has a specific definition so cannot be done in this way. The EIA is starting to be able to do this and identify males making payments and females receiving. The Department is looking to refine this and will take on board the Committee's comments.

- (w) There is little analysis on the impacts on disabled people, apart from that is likely that they will retain more, or less under the proposed policy. What is the impact on disabled people?**

Table 5 of the EIA shows that ■ percent of UC households that retain less include at least one disabled claimant. Similarly, ■ percent of UC households that retain more include a disabled

claimant. Around ■ percent of the UC household population as a whole includes at least one disabled claimant, showing that these households are slightly more likely to be affected by the policy than non-disabled households. We will consider further how this policy would impact disabled people.⁴⁴

(x) What characteristics do these disabled people have? Can you indicate out of those paying more under this policy who may have enhanced disability premiums and benefits? Have you looked at these aspects, and if not, are you able to?

The Department has not considered the characteristics relating to disability premiums or benefits.⁴⁵

(y) Could a sample or case study be done to show how the policy may impact someone with an enhanced disability premium or benefit?

The EIA is a statement of fact that disabled people are slightly more impacted. It shows if the impact is

44 Unpublished data in this paragraph has been redacted at the request of DWP.

45 The Department subsequently confirmed that this would be considered as part of the equality impact assessment.

significant and whether it is rational to take further mitigation.⁴⁶

(z) Under an EIA, the impact on a disabled person should be considered but this analysis does not appear to go into that level of detail, how sure is the Department that it is aware of the impacts?

This EIA shows that the Department understands how the UC population is affected by the policy, and it highlights how disabled people will be affected compared to that population. The Department would need to consider the [REDACTED]⁴⁷ who are due to be worse off and see if they are in receipt of a disability premium or benefit and see if they are worse off. However, the circumstances of each individual could be very different, as they could have multiple deductions for other payments, so the way it affects one could be very different to another, which is why this is looked at the affected population as a whole.⁴⁸

(aa) This has been raised on a few occasions. There needs to be an acknowledgement that disabilities

46 The Department subsequently confirmed that this would be considered as part of the equality impact assessment.

47 Unpublished data in this paragraph has been redacted at the request of DWP.

48 The Department subsequently confirmed that this would be considered as part of the equality impact assessment.

have been considered and that the Department has potentially considered a case study of a thousand people to look at the “winners and losers.” Following that, it has ultimately decided to take the view it has on the implementation of the policy. This will help show the thought process of the Department.

It could be that this policy results in a disabled person relying on their disability income to meet their living costs, when this should be used for their disability, which will have obvious impacts.

The Department agreed that they would take this issue away and give it more consideration outside of the meeting.

Consultation on the proposals

2.8 The Department indicated that it has a list of the groups with whom they have consulted but there are more that they wish to consult. They have engaged with OFGEM, the Water Services Regulation Authority (Ofwat), local authority leads, His Majesty's Court and Tribunal Service and landlord representatives on both the issues of the FRR and CM priority order. This was to inform them of the policy and its effect. No concerns were fed back. Once the measures come into force, the Department will work with stakeholders to get live data and evidence of the impacts that they will share with the Committee.

(bb) During previous scrutiny on the issue of Fuel Direct there had been consultation with OFGEM but not the energy companies. There is a concern that again only the regulator has been approached.

Since the Fuel Direct policy was introduced, a good relationship has been built with energy companies and there has been dialogue with them and a request for them to get in contact if deductions are cut.

(cc) Will this consultation be informing stakeholders of the policy or will the Department be genuinely soliciting their feedback. There needs to be a differentiation between the two. How will feedback be incorporated?

This is part of a big policy landscape. The Child Poverty unit and the Secretary of States for both DWP and Education have discussed energy poverty with energy companies at a strategic level. Although that is not about this specific policy. Communications are being developed on the measure that are being introduced, including testing for the communications for the receiving parents.

Communications to those affected

(dd) Tell the Committee more about the communications to claimants, given the timeframe is short and this is dealing with delicate relationships between the receiving and paying parent. It needs to be clear where

this change has come from so that the receiving parent is not blamed. Will there be communications before the measure takes effect and how will this be implemented?

The message has yet to be formulated, we are considering the best way to communicate. There are a lot of change of circumstances involving CM; therefore, a lot of conversations are already happening with appropriate communication channels, which will help to deliver the message effectively. It is just a case of planning the specifics of that message and the order of when it should be delivered.

(ee) What about communicating the ramifications of these changes, given they may have less money for their fuel or water? Will the Department consult with customers affected by this? What if they do not understand the impacts of these deductions being taken. The case law highlighted earlier implies that the Department needs to do more than just indicate what is going to happen.

The messaging around FRR and how it affects each individual needs to be carefully considered and how it will drive the best behaviour; highlighting that debts will be recovered slower. Some communications may be relevant to one set of individuals and not others, so it is about making sure that the communications are accurate and relevant.

(ff) There are other implications such as the impacts of deductions if someone moves back into

work, or if someone is paying for their ongoing fuel consumption on a pre-payment meter. Surviving as a single person on UC is difficult and it is worth considering other aspects beyond whether someone is better or worse off in the long run. It is important that things are done on a proportionate basis. Could the Department ensure that it logs these issues?

There is a need to ensure there are adequate mechanisms in place to deal with hard cases. The issue of not having money for a pre-payment meter could occur in a sizeable amount of cases.

The Department agreed to consider these issues and come back to the Committee on how it will connect with these hard cases.

2.9 In closing, the Chair agreed that connecting with the hard cases would give good background context for future scrutiny in this area and allow for a broader discussion. He also indicated that it would be good to arrange a further session with analysts on the art of the possible and propensity of modelling for poverty analysis.

2.10 The Chair thanked officials for attending and answering the Committee's questions. Following a private discussion, the Committee agreed to take the regulations on formal reference, while being conscious of timing

pressures and the introduction of the FRR measure so as not to delay the laying of the regulations.⁴⁹

49 Subsequent to the meeting, the Committee decided the Committee has decided that, under the powers conferred by Section 172(1) of the Social Security Administration Act 1992, it would take these regulations on formal reference. The Committee was not quorate at the point this decision was made; therefore, action was taken in accordance with its formal Rules of Procedure which states:(3) In the absence of a quorum, those Members present shall not make decisions on behalf of the Committee but may make recommendations for the subsequent approval of the Committee.

ANNEX E – Questions posed by SSAC, and responses received from the Department, in advance of the meeting on 14 February

1. What evidence/data has informed the forecast that [REDACTED]⁵⁰ will be lifted out of poverty, and what is known about the characteristics of these households?

[REDACTED]

[REDACTED]

[REDACTED]⁵¹ we don't have analysis of these households specifically. We can only say what we know about receiving parents generally from the Separated Families Statistics. The percentage of children in receiving parent households who remain in relative low income after child maintenance payments is 38% for those receiving parents with statutory arrangements.

2. To what degree is the Department able to quantify and provide details and/or case studies of who is likely to be:

- **below the poverty line already and may fall deeper**

50 Unpublished data has been redacted at the request of DWP.

51 Information relating to unpublished data has been redacted at the request of DWP.

- **above the poverty line and fall into poverty, and**
- **those that are lifted out of poverty.**

The Committee is keen to understand the impact on both the families receiving child benefit maintenance, and those subject to the child maintenance deductions. For example, what is known about the impact on the households of those who have to pay child maintenance for children who do not live with them – how many have partners or children living with them, and whether this change has the potential to push children within their current household into poverty?

An estimated [REDACTED]⁵² paying parent households will be worse off than under the current policy. Due to the small numbers of cases, it is not possible to provide a robust estimate of the poverty impact on these households. However, we do know that these households will have no other earned income and are more likely to be single claimant households without children.

We expect there to be around [REDACTED] receiving parents associated with the [REDACTED] additional payments expected from last resort deductions compared to current policy and all of them will have children in their households.⁵³

52 Unpublished data has been redacted at the request of DWP.

53 Unpublished data in this paragraph has been redacted at the request of DWP.

3. To what degree can you quantify the numbers of who will make increased maintenance payments and how much they would now be expected to be deducted for child maintenance. How many will start paying child maintenance, and how much?

Table 1 (in the SSAC memorandum) shows that under the current policy an estimated [REDACTED] CM deductions are taken from UC households per month, and under the proposed policy an estimated [REDACTED] UC households have a CM deduction, so approximately [REDACTED] households begin paying CM. CM deductions are always taken at a fixed amount of £36.40 per month or not at all.⁵⁴

4. What is the male/female impact of this measure broken down at a more granular level?

In June-24, 86% of paying parents receiving UC who had a deduction from benefit that wasn't paying were male. We also know that 89% of all paying parents receiving UC with Child Maintenance deduction from benefits are male.

By contrast around [REDACTED]⁵⁵ of receiving parents with statutory arrangements are female.

54 Unpublished data in this paragraph has been redacted at the request of DWP

55 Unpublished data has been redacted at the request of DWP.

5. Can you provide a breakdown on the impact of FRR and child maintenance deductions as measures in isolation on an equality and poverty basis?

Table 2 (in the SSAC memorandum) shows that applying the 15% deductions cap and the CM deduction remaining as the 7th third party deduction in the regulated priority order reduces the number of CM deductions from [REDACTED], to [REDACTED] – a reduction of [REDACTED]. Data shows almost all paying parents are males, so this will have a disproportionately positive effect on male claimants, who will no longer have a CM deduction. Conversely, data shows that almost all receiving parents are female, so applying the 15% cap only will have a disproportionately negative effect on females. This would be expected to affect around [REDACTED] receiving parents, all of whom would have children in their households. The 15% cap will still support a number of households to retain more income on a monthly basis (although their deduction repayment schedule will be extended). While we don't have the specific poverty modelling for this change separately from the CM priority ordering we know that it will support a number of households, who are at risk of deep poverty.⁵⁶

Table 2 (in the SSAC memorandum) also shows that applying the 15% cap and moving CM up the priority order increases the number of CM deductions from [REDACTED] to [REDACTED] an increase of [REDACTED]. As

56 Unpublished data has been redacted at the request of DWP.

above this increase will disproportionately negatively affect males since most paying parents are male, and disproportionately positively affect females since most receiving parents are female. This would be expected to affect around [REDACTED] receiving parents, all of whom would have children in their households.⁵⁷

It has not been possible to investigate the effect on other equality characteristics, in the time available.

57 Unpublished data in this paragraph has been redacted at the request of DWP.

ANNEX F – Social Security Advisory Committee: membership and secretariat

Membership

Dr Stephen Brien (Chair)

Les Allamby

Bruce Calderwood

Rachel Chiu

Carl Emmerson

Daphne Hall

Professor Stephen Hardy

Philip Jones

Jacob Meagher

Dr Suzy Walton

Secretariat

Denise Whitehead (Committee Secretary)

Dale Cullum

Ken Ashworth

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