07-25: UC – Temporary change on the Priority Order for Third Party Deductions on Child Support Maintenance (CSM) liability

Contents	Paragraph
Introduction	1-2
Background	3-4
Changes	5
Deduction cap effect on CSM	6-7
Annotations	
Contacts	

INTRODUCTION

 This memo provides guidance on The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) (Modification) Regulations 2025. These regulations come into force on 30.04.2025¹ and extend to England, Scotland and Wales.

> <u>1 The UC, PIP, JSA & ESA (C&P) (Mod) Regs 2025 SI</u> no:387/25

2. The regulations 1 will cease to have effect at the end of 30th April 2026.

1 The UC, PIP, JSA & ESA (C&P (Mod) Regs 2025, Reg

<u>1(3)</u>

BACKGROUND

3. To ease financial pressure on the level of debt repayments that can be taken from a household's Universal Credit payment each month, the Secretary of State has decided to reduce the overall deductions cap to 15% of a claimant's Universal Credit amount, to be known as the "Fair Repayment Rate (FRR)" measure and will be introduced from 30th April 2025. The maximum overall amount that can be deducted from UC remains at 40%, the introduction of the "FRR" does not require a legislative change.

4. In addition to the "FRR" the government has pledged to elevate child support maintenance (CSM) deductions to the top of the regulated priority order list. This commitment will align with the date the "FRR" is introduced, meaning this change in the priority order will also come into force on 30th April 2025.

CHANGES

5. These Regulations will move CSM deductions from its current position (7th) to become the first named provision to be deducted in the priority order, making CSM the highest in the order they are listed for deductions¹.

1 The UC, PIP, JSA & ESA (C&P (Mod) Regs 2025, Reg 2(a) & Reg 2(b)

DEDUCTION CAP EFFECT ON CSM

- 6. From 30th April 2025, an overall deduction cap of 15% will apply. However, CSM deductions can exceed this 15% limit when appropriate, as long as the total deductions remain within the overall regulated maximum of 40%.
- 7. This situation may occur if other deductions, such as fraud penalties, conditionality sanctions, or benefit advances, are already being taken. These types of deductions can be recovered before the standard priority order is applied. If they collectively exceed the 15% cap, a CSM deduction can still be applied, provided the total of all deductions does not go over the 40% maximum.

Annotations

Please note the number of this memo (ADM 07-25) against the following ADM paragraphs: <u>D3022</u>, <u>D2038</u>, <u>D2043</u> & <u>D2045</u>

Contacts

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E zone E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in – Memo <u>7/19</u> Requesting case guidance from DMA Leeds for all benefits.