

## **EXPLANATORY MEMORANDUM TO**

### **The Universal Credit Regulations (Taper, Cap and Award) (Amendment) 2024**

#### **Explanation of Sections**

1. These are the provisions establishing the definitions used in the instrument.
2. These are the miscellaneous provisions for the instrument, its name and coming into force.
3. This changes the taper rate, the rate at which Universal Credit is removed as you earn income, from 55% to 30%.
4. This provision changes the higher and lower work allowances to £723 and £454 respectively.
5. This changes the awards of elements under Universal Credit to the following (£/Month)

Standard Allowance Single U25	£361.68
Standard Allowance Single 25+	£443.45
Standard Allowance Joint U25	£589.23
Standard Allowance Joint 25+	£717.60
Child Element for First Child	£353.33
Child Element for Each Subsequent Child	£307.92
Additional Amount for Disabled Child or Other Qualifies Young Person Higher Rate	£507.58
Additional Amount for Disabled Child or Other Qualifies Young Person Lower Rate	£176.11
Limited Capacity for Work Related Activity Element	£466.19

Carer Element	£298.31
Childcare Costs Element Maximum Amount for One Child	£1,314.63
Childcare Costs Element Maximum Amount for Two or More Children	£2,039.37

6. This changes the capital limits when determining UC eligibility to £25,000 for single claimants and £40,000 for joint claimants.

7. This section raises the benefit caps to the following

Single Claimant Resident Inside Greater London	£26,967
Joint Claimant Resident Inside Greater London	£35,323
Single Claimant Resident Outside Greater London	£24,753
Joint Claimant Resident Outside Greater London	£32,020

8. This section amends hardship payment conditions to include the cost of transportation to and from work.

9-10. This section adjusts the work requirements in two ways. Firstly, it reduces the default expected hours worked in a week from 35 to 30. Secondly, it decreases the maximum commute time of a job the Secretary of State can impose on a claimant as part of the work requirements in the Act and Regulations from 90 minutes to 45 minutes from their residence.

## 11. Impacts

11.1 There is no impact on business or civil society organizations.

11.2 This is expected to cost an estimated £38 billion to the public sector.

11.3 This is expected to increase household income by about £1,200 and reduce poverty by 12% when fully taking hold.

11.4 This is expected to give the largest benefits to those in income deciles 1, 2 and 3, raising household incomes by at least 6% in those lower groups if it takes hold.

**12.** These regulations have no impact on regulating small businesses.

### **13. Monitor and Review**

13.1 The Department is committed to thorough monitor and review of what amounts to major changes in Universal Credit in administrative ways. In particular we are going to see more people eligible to receive benefits under Universal Credit than there were before, and as such we are committed to ensuring civil servants are ready to handle the increased volume and adjusting to the new criteria.

13.2 We are going to employ extra monitoring and training in year 1 of these reforms to ensure that people are correctly assessed under the new criteria and that in general it is a more humane process to apply for Universal Credit.