

## **H) Universal Credit Conditionality Sanctions**

1. This paper contains an initial, illustrative set of regulations on Universal Credit conditionality sanctions. These relate to clauses 26 and 27 of the Welfare Reform Bill. They do not represent a final version of the regulations, but are intended to inform debate on these aspects of the Bill in the House of Lords.
2. We want a clear, strong sanctions regime that will be straightforward for claimants to understand and advisers to explain. The regime has been designed to drive engagement with requirements by providing clarity about the consequence of non-compliance and tougher sanctions for repeated non-compliance.
3. In section 1 of this paper we have set out what each regulation does. In section 2 we have provided some examples of how the regulations provide for the application of sanctions to claimants in a range of different circumstances. We have set out the duration and amounts of the range of Universal Credit conditionality sanctions in tables attached at Annexe A.

### **Section 1 – Explanatory Note**

4. The regulations provide for the duration and amount of a reduction, the application of higher level sanctions for failures to participate in Mandatory Work Activity, cases in which no reduction is to be made, the calculation of a reduction, the application of a reduction to a new award and cases in which a reduction is to be terminated.

### **Regulation 2: Mandatory Work Activity and higher level sanctions**

5. Clause 26(2)(a) provides for higher level sanctions to be applied to claimants subject to all work-related requirements to undertake a work placement of a prescribed description. Regulation 2 prescribes that Mandatory Work Activity (MWA) is such a work placement. MWA will be a critical part of the journey to work for some claimants and because it's so important, where customers choose not to participate, it is right that we have the strongest available sanctions in place.

### **Regulation 3: Cases in which no reduction is made**

6. There will be some circumstances where there has been a sanctionable failure, but where it would be inappropriate to impose a reduction as a consequence of that particular failure. For example, we think it would be inappropriate to impose a sanction on a claimant who had voluntarily left

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the Armed Forces. Regulation 3 provides for all the circumstances where we will not impose a sanction despite a sanctionable failure occurring.

### **Regulation 4: Higher level sanction durations**

7. Regulation 4 provides for the duration of a higher level sanction for failures sanctionable under clause 26. The sanction periods increase as the number of previous higher level sanctionable failures increase. Regulation 4(1) provides for:
  - a 91 day sanction to be applied if a claimant has no previous sanctionable failure in a prior compliance period<sup>1</sup> within one year of the current sanctionable failure.
  - a 182 day sanction to be applied if a claimant's sanctionable failure takes place within one year of a sanctionable failure in a prior compliance period that led to a 91 day higher level sanction.
  - a 1095 day sanction to be applied if a claimant's sanctionable failure takes place within one year of a sanctionable failure in a prior compliance period that led to a 182 or 1095 day higher level sanction.
8. Any previous medium or lower sanction will not affect higher level sanction durations.
9. Regulation 4(3) sets out the exception to the standard higher level sanction durations specified in regulation 4(1). This exception applies to sanctionable failures that occur prior to a Universal Credit claim. For example, a claimant subject to all work-related requirements is sanctioned for having ceased paid work voluntarily and for no good reason 30 days prior to making a claim for Universal Credit. Regulation 4(3)(a) would mean that the 30 day period between the claimant ceasing work and claiming Universal Credit would be deducted from the standard reduction period set out in regulation 4(1). If the paid work were due to last for a limited period<sup>2</sup> only, then under regulation 4(3)(b) the reduction period would be the limited period minus the number of days between

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<sup>1</sup> Compliance periods are defined in regulation 1. We expect compliance periods to be broadly equivalent to the current fortnightly signing periods but they could be more or less regular for some claimants. Where multiple higher level sanctionable failures occur in a single compliance period, claimants will be subject to a sanction for each failure but there will be no escalation up the sanctions ladder. For example, if a claimant who had never been sanctioned before refused for no good reason to apply for a particularly vacancy and to accept a job offer in a single compliance period, two 91 day sanctions would be applied rather than one 91 day sanction and one 182 day sanction.

<sup>2</sup> Limited period is defined in regulation 3(2) – it means a specific term which is fixed in advance or which can be ascertained in advance by reference to some relevant circumstance

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the date of the failure and the date of claim. In cases where both 4(3)(a) and 4(3)(b) could apply, the reduction period applied would be whichever is the shortest.

10. Regulation 4(2) specifies that where a claimant's sanction relates to a first failure that takes place before they make a Universal Credit claim, for example, leaving employment voluntarily, having never been subject to a Universal Credit sanction before, then this failure would not affect the duration of any subsequent sanction.

### **Regulation 5: Medium level sanction durations**

11. Medium level sanction durations apply to claimants subject to all work-related requirements who fail for no good reason to meet a work search requirement to take all reasonable work search action or a work availability requirement to be available for work.
12. The equivalent failures in the current and revised JSA regime - failing to actively seek work or be available for work - lead to disqualification.
13. Regulation 5(1) provides for the duration of medium level sanctions. There is no mirror of regulations 4(3) or 4(4) in regulation 5 because the failures sanctionable at the medium level cannot occur prior to a Universal Credit claim. Previous higher and lower level sanctions will not affect medium level sanction durations.

### **Regulation 6: Lower level sanction durations**

14. Lower level sanction durations apply to claimants subject to all work-related requirements or claimants subject to work-preparation and work focused interview requirements whose current sanctionable failure is set out in regulation 6(5). These failures cannot occur prior to a Universal Credit claim.
15. The duration of lower level sanctions for failures set out in regulation 6(5), would be the sum of the fixed period set out in regulation 6(2) and the open-ended period set out in regulation 6(1)(b), unless regulation 6(3) applies. The open-ended period ends once the claimant meets a specified compliance condition.
16. In most cases the compliance condition will be the activity the claimant originally failed to do but where this is no longer appropriate, for example if he failed to attend a training course which is no longer running, then we would ask him to meet an alternative requirement or demonstrate something that would lead him to meeting a requirement in the future,

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such as enrolling on another course due to take place in a few months time.

17. Again the duration of the fixed period is dependent on the number of previous lower level sanctions and previous higher and medium level sanctions will not affect lower level sanction durations.
18. Regulation 6(4) provides for the duration of lower level sanctions for failures where regulation 6(3) applies that is for failures to report specified changes of circumstances relevant to the imposition of work-related requirements under clause 23(2). The duration will be the sum of the fixed period set out in regulation 6(2) and the open ended period set out in 6(4)(b). The open-ended period will last for the number of days between the date the claimant was required to report the change of circumstance and the date the claimant did report the change of circumstance. The only change of circumstance relevant to the imposition of work-related requirements we intend to require claimants to report is the loss of job; we want claimants to tell us about the loss of job within 5 days so we can quickly put the right level of requirements and support in place.

### **Regulation 7: Sanction durations for claimants subject to work-focused interview requirements only**

19. Claimants who fall into the group subject to work-focused interview requirements only who fail to participate in a work-focused interview or comply with a connected requirement for no good reason will be subject to an open-ended sanction. Regulation 7(2) provides for the reduction period to last for the number of days between the date of a sanction determination and the date the claimant meets a compliance condition. In these cases, the compliance condition is likely to be to attend another work focused interview.

### **Regulation 8: Fixed reduction period**

20. Regulation 8 limits the total duration of fixed sanctions that can be accrued in any single compliance period to three years.

### **Regulation 9: Amount of a reduction under sections 26 or 27**

21. Regulation 9 provides for the daily reduction amounts for single and joint-claimants who are sanctioned at the higher, medium or lower level. The amounts included are indicative amounts only based on current benefit rates for over 25s.

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22. The daily reduction amount for single claimants will be set out in regulation 9(a). This amount will be set with reference to the standard allowance amount included in the claimant's maximum amount; 31 days (i.e. the maximum number of days in a month) multiplied by the daily reduction amount will be broadly equivalent to the standard allowance amount.
23. The daily reduction amount for each joint claimant will be set out in regulation 9(b). This amount in regulation 9(b) will be set with reference to 50% of the standard allowance included in the joint-claimants' maximum amount. This is a change to the JSA sanction regime. Currently, if a joint claimant is sanctioned, JSA is reduced by £37.50 from £102.75 to £67.50. If the other joint-claimant is sanctioned at the same time, JSA is not paid. We think the current approach is complex and difficult to communicate; the financial consequence of a failure by one joint-claimant should not depend on whether the other joint-claimant is subject to a sanction. We think a daily reduction amount set with reference to 50% of the joint-claimants' standard allowance will provide a stronger deterrent against non-compliance than the current regime and will make the financial consequences of a sanctionable failure easier for claimants to understand.
24. There will be lower standard allowance rates for young people and therefore we will provide for a lower daily reduction amount for young people. This is not reflected in the draft regulations but will be covered in the final version.
25. These reduction amounts mean that where a claimant is in receipt of their maximum amount, sanctions will never reduce Universal Credit below the additional amount included in the maximum amount for needs such as housing, children, and disability.

### **Regulation 10: Amount of a reduction under sections 26 and 27**

26. Regulation 10 provides for the daily reduction amount for single and joint claimants subject to work-focused interview requirements only. For single claimants, the amount in regulation 10(1)(a)(i) will be set with reference to 20% of the daily reduction rate set out in regulation 9(a). The duration of sanctions for claimants subject to work-focused interview requirements are open-ended only and therefore they will not escalate for repeated failures. However, the daily reduction amount will escalate. Where a claimant subject to a sanction for failing to attend a previous interview, fails to attend another work focused interview, the daily reduction amount will be the amount in regulation 10(1)(a)(ii) – this will be set with reference to 40% of the daily reduction amount in regulation 9(a).

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27. Regulation 10 (1)(b) mirrors the approach described in paragraph 26 for joint-claimants and the joint-claimant daily reduction amounts.

### **Regulation 11: cases where the reduction amount is zero**

28. As a general rule, reductions will continue regardless of a claimant's change of circumstance. However, where a claimant's circumstances change so that they are subject to no work-related requirements because of limited capability for work and work-related activity, we will no longer apply a reduction to the claimant's award. Regulation 11 therefore provides for the amount of a reduction to be zero in such cases. The sanction period will continue to run down during any time the amount of a reduction is zero. If the claimant were subsequently re-assessed as not having a limited capability for work or work-related activity before the sanction period had expired, the reduction amount would return to the amount set out in regulation 9 or 10 as appropriate.

### **Regulation 12: Calculation of a reduction**

29. Regulation 12 provides for the calculation of a reduction to be applied to the amount of an award for a given assessment period. When a sanctionable failure occurs, the reduction period that is applicable for that sanctionable failure becomes part of the total outstanding reduction period. The total outstanding reduction period is defined in regulation 1. In cases where the total outstanding reduction period is less than the number of days in the given assessment period, regulation 12(1)(b) provides for the reduction to be calculated by multiplying the number of days in the total outstanding reduction period by the daily reduction amount that applies in the claimant's case. In cases where the total outstanding reduction period exceeds the number of days in the given assessment period, regulation 12(1)(a) provides for the reduction to be calculated by multiplying the number of days in the assessment period by the daily reduction amount. For every day that is included in the calculation set out in regulation 12(1), the total outstanding reduction period is reduced by one day.
30. The table below illustrates this calculation. You can find further examples of how the regulations provide for the application of sanctions in section 2.
31. Mark is a single claimant subject to all work-related requirements. His assessment period runs from the 16<sup>th</sup> to 15<sup>th</sup> of each month. On 1<sup>st</sup> April, a Decision Maker determines that a 91 day higher level sanction should be applied to Mark's award because he failed to participate in Mandatory Work Activity for no good reason. His UC award amount for the March-April assessment period prior to the application of the sanction is £500.

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Assessment period	Number of days in the assessment period	Total outstanding reduction period	Sanction Calculation	Reduction Amount	Award amount
Mar/April	<u>31</u>	91	<u>31</u> *9	£279	£221
April/May	<u>30</u>	60	<u>30</u> *9	£270	£230
May/June	31	<u>30</u>	<u>30</u> *9	£270	£230
June/July	30	0	n/a	n/a	£500

32. This calculation approach ensures that: sanctions have a meaningful financial impact on the payment immediately following an adverse sanction determination; sanctions do not reduce the award amount of claimants with no other income to below the amounts included in the maximum amount calculation for housing, children, disability and other needs; and claimants always face the full consequences of failing to meet requirements for no good reason. This third aspect represents a change to the JSA regime. Currently where a claimant subject to one sanction receives another, both sanctions run concurrently with one reduction suppressed – this means that for the period in which two sanctions overlap the second sanction has no impact. Under Universal Credit, where a claimant subject to one sanction receives another, the period of the second sanction would be added to the total outstanding reduction period, claimants' award amounts will be reduced for the entire duration of both sanctions, subject to the exceptions set out in regulations 11 and 14.
33. As regulation 12(2) makes clear, a sanction will never reduce an award to less than zero. Where a claimant's income means their award is less than the standard allowance, a sanction would reduce an award to zero. In such cases, claimants will retain entitlement to Universal Credit.

### **Regulation 13: Application of a reduction to a new award**

34. We do not want a sanctioned claimant to be able to avoid their sanction by terminating their award and then re-claiming within the period of any sanction. Regulation 13 will ensure that where a claimant's award is terminated and they subsequently re-claim and receive a new award of Universal Credit, any outstanding reduction period will be applied to the new award. Regulation 13(2) makes clear that a day will be deducted from the total outstanding reduction period for each day a claimant spends off benefit. Regulation 13(1)(e) specifies that sanctions will follow the claimant whose failure resulted in a sanction. This will ensure that where a joint-claim award is sanctioned because of a failure by one of the joint claimants, and the joint claim award is subsequently terminated and each claimant then makes a claim as a single claimant, the

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outstanding reduction period will only be applied to the award of the claimant whose failure resulted in the sanction.

### **Regulation 14 Cases in which a reduction is to be terminated**

35. We think it's important to recognise the positive behaviour of claimants subject to long sanctions who engage with Jobcentre Plus support, meet their requirements and move into work. We will incentivise and reward such behaviour by terminating any outstanding sanction when claimants have met all their requirements for at least one year and have been in work for at least six months, at the level which is required of them given their personal circumstances and capability.
36. Regulation 14 provides for this but note that the current draft does not specify that the work must be at a particular level. We intend to terminate sanctions only if the level of work, either paid work or self-employment, corresponds to our expectations of the claimant. For example, if we expect a sanctioned claimant to move into full-time paid work, we would not terminate if they had only been in part-time work. We will carefully consider how best to provide for this in regulations as we refine our approach to conditionality provisions.

### **Issues not covered in draft regulations**

37. There is a risk that some claimants will seek to take advantage of the benefit system by permanently reducing their level of work, knowing their earnings will be topped up by Universal Credit. We have taken powers to deter such behaviour – clause 26 provides for higher level sanctions to be applied to claimants subject to all work-related requirements who lose pay by reason of misconduct or voluntarily and for no good reason. Regulations will provide for such sanctions to be applied only where the pay loss is permanent.
38. We recognise that there are a wide range of circumstances where claimants' pay will fall for entirely legitimate reasons – including falls resulting from zero hours and commission based contracts, seasonal work and short-time working. Where claimants' pay loss is temporary or where they have good reason for a permanent pay loss, they will not be subject to a sanction.
39. We are carefully considering how best to provide for sanctions for 16-17 year old Universal Credit claimants and how to ensure fraud and conditionality sanctions provisions are aligned where appropriate. These matters are not covered in the draft regulations.



## **Section 2 - Some worked examples**

40. In this section we have set out how the regulations provide for a medium level sanction for a single claimant, a higher level sanction for a joint-claimant, and a lower level sanction for an in-work single claimant. The Universal Credit award amounts used in the examples below are rounded illustrative amounts based on current benefit rates.

### **Example 1 – medium level sanction, single claimant**

41. Alex is a single claimant subject to all work-related requirements with housing costs. His assessment period runs from the 16<sup>th</sup> of one month to the 15<sup>th</sup> of the next month. He fails to undertake all reasonable work search action for no good reason on 1<sup>st</sup> May. Three days later, a Decision Maker determines that a sanction should be applied. It is Alex's first medium level sanction. His monthly Universal Credit award amount prior to the application of a sanction is £700.
42. Regulation 5(2) specifies that medium level sanction durations apply to failures to undertake all reasonable work search action.
43. This is Alex's first medium level failure – regulation 5(1)(a) specifies that the duration of the sanction to be applied is 28 days.
44. Alex is a single claimant – regulation 9(a) specifies that the daily reduction amount is £9.
45. To calculate how the sanction will be applied to Alex's award, we turn to regulation 12.
46. Regulation 12(1) specifies that the amount of a reduction is to be calculated by multiplying the daily reduction amount by whichever is less out of the total outstanding reduction period and the number of days in the assessment period. In this case the total outstanding reduction period (28) is less than the number of days in the April-May assessment period (30). So the April-May award is reduced by £252 (28\*9) to £448.

### **Example 2 – higher level sanction, joint-claimant**

47. Tony and Faye are joint-claimants subject to all work-related requirements with housing costs. They are both out of work. Their assessment period runs from the 16<sup>th</sup> of one month to the 15<sup>th</sup> of the next month. On 1<sup>st</sup> May, Tony fails to participate in Mandatory Work Activity for no good reason. On the same day a Decision Maker determines that a sanction should be applied. Their Universal Credit monthly award amount prior to the application of a sanction is £800.

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48. Regulation 2 specifies that higher level sanction durations apply for failures to undertake Mandatory Work Activity.
49. It is Tony's first higher level failure. Regulation 4(1)(a) specifies that the duration of the higher level sanction to be applied is 91 days.
50. Tony is a joint-claimant – regulation 9(b) specifies that daily reduction amount is £7.
51. To calculate how the sanction will be applied to Tony and Faye's award, we turn to regulation 12.
52. Regulation 12(1) specifies that the amount of a reduction is to be calculated by multiplying the daily reduction amount by whichever is less out of the total outstanding reduction period and the number of days in the assessment period. For the April-May assessment period, the total outstanding reduction period (91) is greater than the number of days in the assessment period (30). So the April-May award is reduced by £210 ( $30 \times 7$ ) to £590 (£800 - £210).
53. After the application of the reduction to the April-May award, the total outstanding reduction period is 61 days (91 days - 30 days).
54. For the May-June assessment period, the total outstanding reduction period (61) is greater than the number of days in the assessment period (31). So the May-June award is reduced by £217 ( $31 \times 7$ ) to £583 (£800 - £217).
55. After the application of the reduction to the May-June award, the total outstanding reduction period is 30 days (61 days - 31 days).
56. For the June-July assessment period, the total outstanding reduction period (30) is equal to the number of days in the assessment period (30). So the June-July award is reduced by £210 ( $30 \times 7$ ) to £590.
57. Tony and Faye are awarded £800 (their normal award amount) for the July-August assessment period because the total outstanding reduction period is zero (30 days – 30 days).

### **Example 3 – lower level sanction for in-work claimant**

58. Alice is a single in-work claimant subject to all work-related requirements with housing costs. She earns £350 per month. On 1<sup>st</sup> May 2014, Alice fails to attend a work-focussed interview for no good reason. On the same day a Decision Maker determines that a sanction should be applied. Her compliance condition is to ring Jobcentre Plus to arrange

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another work-focused interview. She meets the compliance condition on 4<sup>th</sup> May. Her Universal Credit monthly award amount prior to the application of a sanction is £60. She was previously sanctioned for failing to attend an interview in January 2014.

59. Regulation 6(5)(a) specifies that lower level sanction durations apply for failures to attend work-focused interviews. Since Alice's has one previous sanctionable failure that falls within regulation 6(5), the fixed period sanction that applies for the current sanctionable failure is that set out in regulation 6(2)(b) – 14 days.
60. Regulation 6(1)(b) provides for the duration of the open-ended component of the sanction. Alice meets her compliance condition 5 days after the sanction is imposed so the open-ended component is 5 days.
61. Alice is a single claimant – regulation 9(a) specifies that the daily reduction amount is £9.
62. To calculate how the sanction will be applied to Alice's award, we turn to regulation 12.
63. Regulation 12(1) specifies that the amount of a reduction is to be calculated by multiplying the daily reduction amount by whichever is less out of the total outstanding reduction period and the number of days in the assessment period.
64. Alice's total outstanding reduction period of 19 days (i.e. the sum of the fixed and open-ended parts of the sanction) is less than the number of days in the assessment period (30).
65. If we were to deduct £171 ( $19 \times 9$ ) from Alice's award of £60, her award would be less than zero. Regulation 12(2) specifies that this cannot happen. We therefore only reduce Alice's award by £60 to zero.
66. Despite having an award of zero for April-May, Alice retains entitlement to UC, she will be expected to continue to meet requirements and she will continue to receive appropriate Jobcentre Plus support. Her May-July award would return to the normal level of £60.

# **ILLUSTRATIVE REGULATIONS**

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## STATUTORY INSTRUMENTS

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**2011 No.**

### **UNIVERSAL CREDIT**

#### **Draft Sanctions Regulations**

<i>Made</i>	- - - -	***
<i>Laid before Parliament</i>		***
<i>Coming into force</i>	- -	***

#### **Interpretation**

**1.** For the purposes of these Regulations—

“compliance period” means the period between two consecutive dates on which the Secretary of State requires a claimant to confirm compliance with a work-related requirement in accordance with section 23 (connected requirements: confirming compliance with work-related requirements);

“current sanctionable failure” means a failure which is sanctionable under section 26 (higher-level sanctions) or 27 (other sanctions) in relation to which the Secretary of State has not yet determined whether the amount of an award is to be reduced in accordance with section 26 or 27;

“daily reduction amount” means the amount set out in regulations 11, 12 or 13 that applies in the claimant’s case;

“sanctionable failure” means a failure which is sanctionable under section 26 or 27;

“total outstanding reduction period” means the total of the number of days set out in regulations 4 to 7 that apply in the claimant’s case, but not including any day which has already resulted in a reduction to the amount of an award.

#### **Sanctionable failures under section 26: work placements**

**2.—(1)** Mandatory Work Activity is a scheme designed to provide work or work preparation for up to 30 hours per week over a period of four consecutive weeks.

(2) Mandatory Work Activity is a work placement for the purpose of section 26(2)(a) (sanctionable failure to not comply with a work preparation requirement to undertake a work placement of a prescribed description).

#### **Cases in which no reduction is made under section 26**

**3.—(1)** — No reduction is to be made under section 26 where—

- (a) the sanctionable failure is listed in section 26(2)(b) or (c) (failure to apply for a particular vacancy for paid work, or failure to take up an offer of paid work) and the paid work is vacant because of a strike arising from a trade dispute;

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- (b) the sanctionable failure is listed in section 26(4) (failure to take up an offer of paid work, or to cease paid work or lose pay before making a claim), and—
    - (i) there are 182 days or more between the date of the sanctionable failure and the date of claim; or
    - (ii) the period of the reduction that would otherwise apply under regulation 4(3) is the same as or shorter than the number of days between the date of the sanctionable failure and the date of claim;
  - (c) the sanctionable failure is that the claimant voluntarily ceases paid work as a member of the regular or reserved forces; or
  - (d) the sanctionable failure is that the claimant voluntarily ceases paid work in one of the following circumstances—
    - (i) the claimant has been dismissed because of redundancy after volunteering or agreeing to be dismissed;
    - (ii) the claimant has ceased work on an agreed date without being dismissed in pursuance of an agreement relating to voluntary redundancy; or
    - (iii) the claimant has been laid-off or kept on short-time to the extent specified in section 148 of the Employment Rights Act 1996, and has complied with the requirements of that section.
- (2) In this regulation—

“limited period” means a specific term which is fixed in advance or which can be ascertained in advance by reference to some relevant circumstance;

“redundancy” means one of the facts set out in paragraphs (a) and (b) of section 139(1) of the Employment Rights Act 1996;

“regular or reserve forces” has the same meaning as in section 374 of the Armed Forces Act 2006;

“strike” has the same meaning as in section 246 of the Trade Union and Labour Relations (Consolidation) Act 1992;

“trade dispute” has the same meaning as in section 244 of the Trade Union and Labour Relations (Consolidation) Act 1992.

### **Period of a reduction under section 26: higher-level sanctions**

- 4.—(1)** Subject to paragraphs (2) and (3) and regulation 8, a higher-level sanction is to have effect for a period of—
- (a) 91 days, where there has been no previous sanctionable failure by the claimant which—
    - (i) resulted in a higher-level sanction, or would have done but for regulation 8;
    - (ii) occurred in an earlier compliance period to the claimant’s current sanctionable failure, or before the claimant made a claim to universal credit; and
    - (iii) occurred 365 days or less from the date of the claimant’s current sanctionable failure;
  - (b) 182 days, where there has been a previous sanctionable failure by the claimant which—
    - (i) resulted in a higher-level sanction for a period of 91 days, or would have done but for paragraph (3) or regulation 8;
    - (ii) occurred in an earlier compliance period to the date of the current sanctionable failure, or before the claimant made a claim to universal credit; and
    - (iii) occurred 365 days or less from the date of the current sanctionable failure;
  - (c) 1095 days, where there has been a previous sanctionable failure by the claimant which—
    - (i) resulted in a higher-level sanction for a period of 182 days, or would have done but for paragraph (3) or regulation 8;
    - (ii) occurred in an earlier compliance period to the date of the current sanctionable failure, or before the claimant made a claim to universal credit; and
    - (iii) occurred 365 days or less from the date of the current sanctionable failure; or

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- (d) 1095 days, where there has been a previous sanctionable failure by the claimant which—
  - (i) resulted in a higher-level sanction for 1095 days, or would have done but for paragraph (3) or regulation 8; and
  - (ii) occurred 365 days or less from the date of the current sanctionable failure.

(2) Where a claimant's first sanctionable failure that resulted in a higher-level sanction occurred before the claimant made a claim to universal credit, that first failure must not be counted for the purpose of determining the period of a subsequent higher-level sanction.

(3) A higher-level sanction which relates to a sanctionable failure listed in section 26(4) (failures that occur before a claim is made) is to have effect for whichever is the shorter of—

- (a) the period set out in paragraph (1) that applies in the claimant's case, minus the number of days between the date of the sanctionable failure and the date of claim;
- (b) the number of days between the date of the sanctionable failure and the end date of the paid work, where the paid work was due to last for a limited period, minus the number of days between the date of the sanctionable failure and the date of claim.

(4) In this regulation, "higher-level sanction" means a reduction to the amount of an award in accordance with section 26.

### **Period of a reduction under section 27: medium-level sanctions**

**5.**—(1) Subject to regulation 8, a medium-level sanction is to have effect for a period of—

- (a) 28 days, where there has been no previous sanctionable failure by the claimant which—
  - (i) resulted in a medium-level sanction, or would have done but for regulation 8;
  - (ii) occurred in an earlier compliance period to the claimant's current sanctionable failure; and
  - (iii) occurred 365 days or less from the date of the claimant's current sanctionable failure;
- (b) 91 days, where there has a previous sanctionable failure by the claimant which—
  - (i) resulted in a medium-level sanction for a period of 28 days, or would have done but for regulation 8;
  - (ii) occurred in an earlier compliance period to the claimant's current sanctionable failure; and
  - (iii) occurred 365 days or less from the date of the claimant's current sanctionable failure; or
- (c) 91 days, where there has been no previous sanctionable failure by the claimant which—
  - (i) resulted in a medium-level sanction for a period of 91 days, or would have done but for regulation 8; and
  - (ii) occurred 365 days or less from the date of the claimant's current sanctionable failure.

(2) For the purposes of this regulation, "medium-level sanction" means a reduction to the amount of an award in accordance with section 27 as a result of a failure by a claimant to comply with—

- (a) a work search requirement under section 17(1)(a) (to take all reasonable action to obtain paid work etc.); or
- (b) a work availability requirement under section 18(1)(a).

### **Period of a reduction under section 27: lower-level sanctions**

**6.**—(1) Subject to paragraph (3) and regulation 8, a lower-level sanction is to have effect for the total of—

- (a) the period set out in paragraph (2) which applies in the claimant's case; and

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- (b) each day from the date that the Secretary of State determines that the amount of an award is to be reduced in accordance with section 26 or 27, and continuing until the date that the claimant meets a compliance condition specified by the Secretary of State .

(2) A period of—

- (a) 7 days, where there has been no previous sanctionable failure by the claimant which—
  - (i) resulted in a lower-level sanction, or would have done but for regulation 8;
  - (ii) occurred in an earlier compliance period to the claimant’s current sanctionable failure; and
  - (iii) occurred 365 days or less from the date of the claimant’s current sanctionable failure;
- (b) 14 days, where there has been a previous sanctionable failure by the claimant which—
  - (i) resulted in a lower-level sanction for 7 days, or would have done but for regulation 8;
  - (ii) occurred in an earlier compliance period to the date of the current sanctionable failure; and
  - (iii) occurred 365 days or less from the date of the current sanctionable failure;
- (c) 28 days, where there has been a previous sanctionable failure by the claimant which—
  - (i) resulted in a lower-level sanction for 14 days, or would have done but for regulation 8;
  - (ii) occurred in an earlier compliance period to the date of the current sanctionable failure; and
  - (iii) occurred 365 days or less from the date of the current sanctionable failure; or
- (d) 28 days, where there has been a previous sanctionable failure by the claimant which—
  - (i) resulted in a lower-level sanction for 28 days, or would have done but for regulation 8; and
  - (ii) occurred 365 days or less from the date of the current sanctionable failure.

(3) This paragraph applies where a claimant’s current sanctionable failure is a failure to comply with a requirement under section 23(2) (connected requirements: reporting specified changes of circumstances).

(4) Where paragraph (3) applies, a lower-level sanction is to have effect for the total of—

- (a) the period set out in paragraph (2) that applies in the claimant’s case; and
- (b) each day from 5 working days after the date of the change, and continuing until the date that the claimant reports the change of circumstances to the Secretary of State.

(5) In this regulation, “lower-level sanction” means a reduction to the amount of an award in accordance with section 27 as a result of a failure by a claimant who falls within section 21 (claimants subject to work preparation requirement) or 22 (claimants subject to all work-related requirements) at the date of that failure, to comply with—

- (a) a work-focused interview requirement under section 15(1);
- (b) a work preparation requirement under section 16(1);
- (c) a work search requirement under section 17(1)(b) (to take any particular action specified by the Secretary of State to obtain work etc.); or
- (d) a requirement under section 23 (connected requirements).

### **Period of a reduction under section 27: claimants subject to work-focused interview requirement only**

7.—(1) This regulation applies where—

- (a) a claimant’s current sanctionable failure is a failure to comply with a work-focused interview requirement under section 15 or a requirement under section 23(1) or (3) (connected requirements: interviews and verification of compliance); and

## UC Conditionality and Sanctions

- (b) the claimant falls within section 20 (claimants subject to work-focused interview requirement only) at the date of the failure.
- (2) Where this regulation applies, a reduction in accordance with section 27 is to have effect for the number of days between —
  - (a) the date that the Secretary of State determines that the amount of an award is to be reduced in accordance with section 27; and
  - (b) the date that the claimant meets a compliance condition specified by the Secretary of State.

### **Fixed reduction period maximum**

- 8.**—(1) Where the sanctionable failures by a claimant in a compliance period would result in a fixed reduction period of more than 1095 days, the fixed reduction period for those failures must not exceed 1095 days.
- (2) In paragraph (2), “fixed reduction period” means the total number of days set out in regulations 4, 5 or 6(2) that apply in the claimant’s case.

### **Amount of a reduction under sections 26 and 27: higher, medium and lower level sanctions**

- 9.** Subject to regulations 10 and 11, the daily reduction amount is—
- (a) in the case of a single claimant, £9.
  - (b) In the case of each of joint claimants, £7.

### **Amount of a reduction under sections 26 and 27: claimants subject to work-focused interview requirement only**

- 10.**—(1) — This regulation applies where—
- (a) a claimant’s current sanctionable failure is a failure to comply with a work-focused interview requirement or a requirement under section 23(1) or (3); and
  - (b) the claimant falls within section 20 (claimants subject to work-focused interview requirement only) at the date of the failure.
- (2) Where this regulation applies, the daily reduction amount is—
- (a) in the case of a single claimant—
    - (i) £1.80; or
    - (ii) £3.60, where the claimant has failed to participate in a work-focused interview on two or more consecutive occasions;
  - (b) in the case of each of joint claimants—
    - (i) £1.40 for each day that the reduction is to have effect; or
    - (ii) £2.80, where the same joint claimant has failed to participate in a work-focused interview on two or more consecutive occasions.

### **Amount of a reduction under sections 26 and 27: cases where the reduction amount is zero**

- 11.**—(1) — This regulation applies where the amount of a single claimant’s, or joint claimants’, award is to be reduced, and the single claimant, or the joint claimant whose sanctionable failure resulted in the reduction—
- (a) ceases to fall within section 20 (claimants subject to work-focused interview requirement only), 21 (claimants subject to work-preparation requirement), or 22 (claimants subject to all work-related requirements); and instead
  - (b) falls within section 19(2)(a) (claimants subject to no work-related requirements because of limited capability for work or work-related activity).
- (2) Where this regulation applies, the daily reduction amount is zero.



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### Calculation of a reduction under section 26 or 27

**12.**—(1) Subject to paragraph (2), where the Secretary of State has determined that the amount of an award is to be reduced in accordance with section 26 or 27, the amount of the award for an assessment period is to be reduced by the daily reduction amount, multiplied by—

- (a) the number of days in the assessment period in respect of which the amount of the award is calculated; or, where less
- (b) the total outstanding reduction period.

(2) The amount of an award for an assessment period must not be reduced below zero.

### Application of a reduction to a new award

**13.**—(1) This regulation applies where—

- (a) the amount of a single claimant's, or joint claimants' award is reduced in accordance with section 26 or 27;
- (b) the award is terminated ("the old award");
- (c) the old award had not been reduced for the total outstanding reduction period;
- (d) the single claimant, or one or both of the joint claimants (as single persons or members of a couple), are awarded a new award of universal credit; and
- (e) the sanctionable failure to which the total outstanding reduction period relates was by the claimant who is awarded the new award.

(2) Where this regulation applies, the total outstanding reduction period applies to the new award, minus the number of days between—

- (a) the date that the claimant's old award was terminated; and
- (b) the date on which the new award starts.

### Cases in which a reduction made under section 26 or 27 is to be terminated

**14.** A reduction to the amount of an award in accordance with section 26 or 27 is to be terminated where—

- (a) there is a period of 365 days since the last sanctionable failure by the claimant that resulted in a reduction under section 26 or 27; and
- (b) within that period the claimant is in paid work for a period of at least 182 days.

## Annexe A - Universal Credit Sanctionable Amount

Sanction	Applicable to:	Reg.	First failure	Second failure <sup>1</sup>	Third failure <sup>1</sup>
<b>Higher Level</b> e.g. failure to take up an offer of paid work	Claimants subject to all work-related requirements	4	3 months <sup>2</sup>	6 months <sup>2</sup>	3 years <sup>2</sup>
<b>Medium Level</b> e.g. failure to undertake all reasonable action to obtain work	Claimants subject to all work-related requirements	5	4 weeks	3 months	
<b>Lower Level</b> e.g. failure to undertake particular, specified work preparation action	Claimants subject to all work-related requirements Claimants subject to work preparation and work-focused interview requirements	6	Open ended until re-engagement followed by		
			1 week	2 weeks	4 weeks
<b>WFI only</b> Failure to participate in a work-focused interview	Claimants subject to work-focused interview requirements only	7	Open ended until re-engagement		

<sup>1</sup> Claimants only move up the sanctions ladder if their second/third/subsequent failure is within 12 months of a previous failure in the same category.

<sup>2</sup> Higher level sanction durations will be shorter if the failure relates to pre-claim employment expected to last less than the standard sanction period or if the failure occurs before a claim and the individual doesn't claim UC immediately (see paragraph 11 of the explanatory note)

## Annexe A - Universal Credit Sanction Durations

	Proposed Daily Reduction Amount (approximates only)		
	Single claimants	One joint claimant	Both joint claimants
<b>Full Conditionality</b> Claimants subject to all work-related requirements	£9	£7	£14
<b>Work Preparation</b> Claimants subject to work preparation and work-focused interview requirements	£9	£7	£14
<b>Keep in touch</b> Claimants subject to work-focused interview requirements only	£1.80 for each failure, capped at £3.60	£1.40 for each failure, capped at £2.80	£2.80 for each joint failure, capped at £5.60

- These are indicative amounts only based on current benefit rates for over 25s.
- The daily reduction amount will be set with reference to the standard allowance amount included in the claimant's maximum amount; 31 days (i.e. the maximum number of days in a month) multiplied by the daily reduction amount will be broadly equivalent to the standard allowance amount.
- There will be lower standard allowance rates for young people and therefore we will provide for a lower daily reduction amount for young people. This is not reflected in the draft regulations but will be covered in the final version.
- Where a claimant is in receipt of the maximum amount, sanctions will never reduce Universal Credit below the amount included in the maximum amount for housing, children, and disability.
- Where a claimant receives less than their maximum amount, sanctions may reduce Universal Credit below the amount included in the maximum amount for housing, children, and disability.