



# EXPLANATORY NOTES

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## Welfare Reform and Work Act 2016

### Chapter 7

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# WELFARE REFORM AND WORK ACT 2016

## EXPLANATORY NOTES

### What these notes do

These Explanatory Notes relate to the Welfare Reform and Work Act 2016 (c. 7) which received Royal Assent on 16 March 2016.

- These Explanatory Notes have been prepared by the Department for Work and Pensions in order to assist the reader in understanding the Act. They do not form part of the Act and have not been endorsed by Parliament.
- These Explanatory Notes explain what each part of the Act will mean in practice; provide background information on the development of policy; and provide additional information on how the Act will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Act. They are not, and are not intended to be, a comprehensive description of the Act.

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# Overview of the Act

## 1 This Act:

- Creates statutory duties for the Government to report on:
  - Progress towards its full employment commitment.
  - Progress against meeting its target of 3 million new apprenticeships in this Parliament.
  - Progress on the Troubled Families Programme.
- On children living in low-income households:
  - Creates a statutory duty for the Government to publish data on children in low-income households.
- On life chances:
  - Amends the Child Poverty Act 2010 to become the Life Chances Act 2010.
  - Removes income related targets and replaces them with new measures to improve the life chances of children.
  - Creates a duty on the Secretary of State to lay before Parliament an annual report containing data on children living in workless households in England and the educational attainment of children in England at the end of Key Stage 4.
  - Reforms and renames the Social Mobility and Child Poverty Commission as the Social Mobility Commission ("the Commission").
  - Removes most other duties and provisions in the Child Poverty Act 2010 including certain duties relating to the devolved administrations.
- Reduces the benefit cap to £23,000 or £15,410 in Greater London and £20,000 or £13,400 elsewhere.
- Freezes certain social security benefits and certain tax credit amounts for four tax years.
- Limits the amount of support provided by child tax credit for families who become responsible for a child born on or after 6 April 2017.
- Limits the child element of universal credit to a maximum of two children and removes the distinction between the first and subsequent children in the rate of the child element.
- Removes the work-related activity component in employment and support allowance and the limited capability for work element in universal credit.
- Changes conditionality for responsible carers in universal credit.

- Replaces current support for mortgage interest payments for benefit claimants with the offer of a recoverable interest-bearing loan.
- Allows the government to recover certain administrative costs incurred in relation to the Motability scheme - and any such scheme that is equivalent in purpose.
- Makes changes in provisions relating to social housing rents.

## Policy background

- 2 The measures contained within this Act implement policies outlined in the Conservative Party manifesto or which were announced in the Summer Budget on 8 July 2015. The measures in this Act support the Government's commitments to increase employment; slow the growth of the welfare budget to help achieve a more sustainable welfare system; eliminate child poverty and improve the life chances of children; and support the policy of rewarding hard work while increasing fairness with working households.
- 3 Impact Assessments in relation to welfare policies within this Act were published on 20 July 2015.

## Statutory duties to report

- 4 The purpose of the statutory duties to report is to mandate regular updates from the Government on these key areas.

## Full employment reporting obligation

- 5 This duty requires the Secretary of State to report annually on progress towards full employment, and the report will set out the interpretation of full employment for these purposes.

## Apprenticeships reporting obligation

- 6 These are new duties which require ministers to report annually on progress towards delivering three million apprenticeships. The apprenticeships target was set out in the May 2015 Conservative Manifesto.

## Troubled Families Programme

- 7 The Troubled Families Programme aims to improve the lives of families with multiple, high cost problems across England.
- 8 The Government launched the programme in 2012. This worked with families where children were not attending school, young people were committing crime, families were involved in anti-social behaviour and adults were out of work.
- 9 In June 2013, the Government announced plans to expand the Troubled Families Programme for a further five years from April 2015 and to reach up to an additional 400,000 families across England. The operating model for this expanded programme is laid out in the Department for Communities and Local Government's Financial Framework for the Expanded Troubled Families Programme, published in February 2015 in preparation for the commencement of the programme in April 2015. This

provides the basis on which funding is provided to local authorities for the financial year 2015-16.

- 10 Local authorities and their partners identify families eligible for support in their area by reference to the terms set out in this Financial Framework. To be eligible for support, each family must have at least two of the following six problems:
  - a. Parents or children involved in crime or anti-social behaviour.
  - b. Children who have not been attending school regularly.
  - c. Children who need help: children of all ages, who need help, are identified as in need or are subject to a Child Protection Plan.
  - d. Adults out of work or at risk of financial exclusion or young people at risk of worklessness.
  - e. Families affected by domestic violence and abuse.
  - f. Parents or children with a range of health problems.
- 11 Families are then prioritised for inclusion on the basis of the following:
  - a. They are families who are most likely to benefit from an integrated, whole family approach, and
  - b. They are families who are the highest cost to the public purse.
- 12 Where families are prioritised for support, local authorities are responsible for ensuring these families achieve significant and sustained progress against all problems identified at the point of engagement or move into continuous employment. Apart from school attendance and employment outcomes, all outcome measures are defined locally and set out in a locally agreed Troubled Families Outcomes Plan.
- 13 The Troubled Families Programme offers local authorities and their partners an opportunity to reform their services and radically improve family outcomes. To support these goals, the programme aims to report on the progress and cost benefit of the programme in each local authority area on a regular basis. This information will inform and drive service reform and investment decisions.
- 14 The new duty in section 3 of the Act for the Secretary of State for Communities and Local Government to provide information applies to the expanded Troubled Families Programme, which began in April 2015. The first report to Parliament will also reference the progress of the first Troubled Families Programme, and the work of local authorities who began delivery of the expanded programme early in 2014/15.

## Children living in low-income households

- 15 This section requires the Secretary of State annually to publish data on the percentage of children in the United Kingdom living in households with relative low-income, combined low-income and material deprivation, absolute low-income, and persistent low-income.

## Life chances measures

- 16 The Child Poverty Act 2010 placed a duty on the Secretary of State to meet a set of UK-wide targets by the end of the financial year 2020/21 (and every year thereafter) relating to four income-based measures of child poverty.

- 17 On 1 July 2015, the Secretary of State announced to Parliament that the Government would bring forward legislation to remove the measures and targets in the Child Poverty Act 2010, as well as the other duties and provisions. This Act introduces a duty to report on measures of worklessness and educational attainment.
- 18 The Life Chances sections in the Act remove most of the legal duties and measures set out in the Child Poverty Act 2010 (cited as the Life Chances Act 2010) and places a new duty on the Secretary of State to report annually on measures of children in workless households in England and the educational attainment of children in England at the end of Key Stage 4. Key Stage 4 is the term for the two years of school education normally known as Year 10 and 11, when pupils are aged between 14 and 16.

## **Reform of the Social Mobility and Child Poverty Commission**

- 19 The Social Mobility and Child Poverty Commission established under the Child Poverty Act 2010 (cited as the Life Chances Act 2010) is reformed as the Social Mobility Commission.
- 20 The remit of the Commission is to promote social mobility in England, to advise the Government, on request, on how to improve social mobility in England and to publish annually a report setting out its view on progress made towards improving social mobility in the UK.
- 21 In addition the Commission retains its remit to describe the measures taken by the relevant Northern Ireland department in accordance with a Northern Ireland strategy. The Commission no longer has this role in relation to Scotland or Wales.

## **Removal of other duties and provisions in the Child Poverty Act 2010**

- 22 The specific parts of the Child Poverty Act 2010 that this Act removes are:
  - a. The four UK-wide targets along with the definitions of the related measures:
    - i. Relative low-income;
    - ii. Combined low-income and material deprivation;
    - iii. Absolute low-income; and
    - iv. Persistent poverty.
  - b. The duty upon the Secretary of State to meet these targets.
  - c. The continuing effects of the targets after the target year defined as the financial year beginning with 1 April 2020.
  - d. The provisions in sections 8-8C relating to the Social Mobility and Child Poverty Commission.
  - e. The duty on the Secretary of State to lay before Parliament a UK wide strategy.
  - f. The duty on Scottish Ministers to lay before the Scottish Parliament a Scottish strategy.

- g. The duty on the relevant Northern Ireland department to describe in its strategy the progress it intends to make to contribute to the meeting of the targets as described in paragraph (a).
- h. The duty on the Secretary of State to lay before Parliament a statement in relation to the targets as described in paragraph (a).
- i. The duty placed on local authorities to co-operate to reduce child poverty in their local area including the preparation of a joint child poverty strategy.
- j. The duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area.
- k. The role of Scottish and Welsh Ministers in appointing members of the Commission.

## Benefit cap

- 23 The benefit cap was introduced by sections 96 and 97 of the Welfare Reform Act 2012. It was introduced with the intention of increasing incentives to work, promoting fairness between the tax and welfare systems and helping to reduce the financial deficit. Sections 96 and 97 of the Welfare Reform Act 2012 stipulate that the level of the cap should be determined with reference to estimated average weekly earnings and that the Secretary of State should review the level of the cap in each tax year to see whether its relationship with average earnings has changed. Following the review, the provisions allowed for the Secretary of State to increase or reduce the level of the cap, if he decided it was appropriate to do so.
- 24 This Act lowers the benefit cap, so that the total amount of benefits to which workless households can be entitled to in a year will not exceed £20,000 or £13,400, except in Greater London where the cap is set at £23,000 and £15,410 respectively. The Act gives the Secretary of State the power to determine which annual limit applies to which category of claimant. It is the Government's intention that the higher levels will apply to couples and lone parents and the lower amount to others. This Act also removes the link between the level of the cap and average earnings and the requirement for the Secretary of State to review the cap each year, replacing it with a requirement that the Secretary of State must review the cap at least once in each Parliament and allowing the Secretary of State to review it more regularly at his discretion.

## Freeze of certain social security benefits and certain tax credit amounts for four tax years

- 25 It was announced in the Summer Budget 2015 that certain social security benefits, including child benefit, and certain elements of working tax credit and child tax credit would be frozen for four tax years starting from 2016-17. Sections 11 and 12 provide for this.
- 26 The social security benefits and tax credits in question are:
- a. The main rates of income support, jobseeker's allowance, employment and support allowance, housing benefit and universal credit.
  - b. The work-related activity group component of employment and support allowance, the work-related activity component of housing benefit and the limited capability for work element of universal credit.

- c. The individual element of child tax credit payable in respect of a child or qualifying young person who is not disabled or severely disabled for whom the claimant is responsible.
  - d. The basic, 30 hour, second adult and lone parent elements of working tax credit.
  - e. Both rates of child benefit, that is, the "enhanced rate" for the eldest child and "any other case" for any other child.
- 27 Benefits and payments that are not part of the freeze include:
- a. Pensioner benefits including state pension and pension credit.
  - b. Extra cost disability benefits including attendance allowance, disability living allowance and personal independence payments.
  - c. The support group component of employment and support allowance and the limited capability for work and work-related activity element of universal credit.
  - d. Carer's allowance and carer premiums within other benefits.
  - e. Statutory payments including statutory adoption pay, maternity pay, ordinary and additional paternity pay, shared parental pay and sick pay.
  - f. The amount of the individual element in child tax credit payable in respect of a disabled or severely disabled child or qualifying young person for whom the claimant is responsible.
  - g. Disabled and severely disabled elements of working tax credit.

## Changes to child tax credit

- 28 It was announced in the Summer Budget 2015 that, as part of the welfare budget savings, the maximum entitlement to child tax credit (CTC) would be restricted for families who become responsible for a child or children or qualifying young person(s) born on or after 6 April 2017. Section 13 provides for these changes to take effect from the 2017/18 tax year.
- 29 The changes being made are:
- a. Restricting the child element of CTC to two children per family:
    - i. The calculation of the maximum rate of CTC currently includes an individual element (£2,780 for the 2015/16 tax year) for each child or qualifying young person for whom the claimant or claimants (if claiming as part of a couple) is or are responsible. This is currently referred to as the 'individual element' of CTC. Currently, the individual element is paid at a higher rate of £2,780 plus £3,140 or £4,415 where the child or qualifying young person is disabled or severely disabled respectively.
    - ii. The changes will restrict the individual element of CTC to two children per family where specified conditions apply. A claimant will only be entitled to an individual element for a maximum of two children or qualifying young persons unless they are claiming for more than two children or qualifying young persons who were born before 6 April 2017.

- iii. The restriction to the availability of the child element will be on a "rolling basis" so that when the eldest child ceases to be entitled to CTC, if there is a third child born on or after 6 April 2017, that third child will become eligible for entitlement. This will roll on to subsequent children as elder children cease to be entitled to the payment.
  - b. A new disability element will ensure that the equivalent of the higher amount of the individual element of CTC for disabled and severely disabled children will continue to be available:
    - i. The change will ensure that any disabled or severely disabled child or qualifying young person born on or after 6 April 2017 will qualify for the additional individual element regardless of the changes referred to in 29(a)(ii) above. This is achieved by the creation of a new disability element, which through changes to secondary legislation is intended to reflect the additional amount of the individual element currently payable for disabled and severely disabled children (for 2015-16, £3,140 and £4,415). This will be paid for all disabled children or qualifying young persons.
  - c. Removing the family element of CTC
    - i. The calculation of the maximum rate of CTC currently includes a family element. The calculation includes one family element (£545 for the 2015/16 tax year) regardless of the number of children or qualifying young persons for whom the claimant or claimants are responsible, and whether the children or qualifying young persons are disabled or severely disabled.
    - ii. This change will remove the family element from all families who are only responsible for a child or qualifying young person who is born on or after 6 April 2017. The changes will take effect from 6 April 2017.

## Changes to the child element of universal credit

- 30 These provisions implement similar policy intent to the section above.
- 31 Currently, the 'child element' of the universal credit award is payable to claimants in respect of each child or qualifying young person for whom they are responsible. This includes a higher rate in respect of the first child or qualifying young person, and a lower rate in respect of the second and each subsequent child or qualifying young person.
- 32 The Act limits the child element of universal credit to include amounts in respect of a maximum of two children or qualifying young persons for whom the claimant is responsible and removes the distinction between the first and subsequent children in the rate of the child element. This limit will not apply to the additional amount that is paid in respect of a child or qualifying young persons who is disabled as the Act allows this amount to be paid for each disabled child or young person for whom the claimant is responsible.

## **Removing the work-related activity component in employment and support allowance and the limited capability for work element in universal credit**

- 33 Employment and support allowance (ESA) is an income-replacement benefit for people of working age and is currently the main income-replacement benefit for those who cannot work because of a health condition or disability. Universal credit (UC) provides a new single system of means-tested support for people of working age who are either in or out of work. UC is gradually replacing income-related ESA as it is rolled out and becoming available in an increasing number of areas across Great Britain.
- 34 Sections 15 and 16 remove specific provision for certain additional payments - that is, the ESA work-related activity component and the UC limited capability for work element, included within ESA and UC - to be paid to claimants with limited capability for work.
- 35 The intention is that regulations will include provision for claimants who are already in receipt of the work-related activity component or limited capability for work element to continue to receive that component.

## **Conditionality for responsible carers in universal credit**

- 36 Conditionality is a core principle of universal credit and requires that people who can, must look for work in return for benefit. Conditionality refers to the requirements for claimants to engage in activities which increase their chances of obtaining paid work (or more or better paid work).
- 37 Depending on their personal circumstances, a claimant may be subject to:
  - a. no work-related requirements;
  - b. a work-focused interview requirement only;
  - c. a work preparation requirement and work-focused interview requirement only; and
  - d. all work-related requirements.
- 38 Conditionality for responsible carers of children currently operates as follows:
  - a. responsible carers with a child under 1 are subject to no work-related requirements;
  - b. those with a child aged 1 or 2 are subject to work-focused interview requirements;
  - c. those with a child aged 3 and 4 are subject to work-focused interview requirements and work preparation requirements; and
  - d. those with a child aged 5 and over are subject to all work-related requirements unless their circumstances mean they fall into one of the other groups (for example because of a health condition).

- 39 The Act changes conditionality for responsible carers as follows:
- a. those with a child aged 3 or 4 should be subject to all-work related requirements;
  - b. those with a child aged 2 should be subject to work-focused interview requirements and work preparation requirements; and
  - c. those with a child aged 1 should remain subject to work-focused interview requirements only.

## Loans for mortgage interest etc

- 40 The Act enables interest-bearing loans to be made to eligible owner-occupiers in respect of their liability to make owner-occupier payments in respect of their home, in particular mortgage interest payments. Those entitled to receive income support, income-based jobseeker's allowance, income-related employment and support allowance, state pension credit or universal credit will be eligible to receive a loan.
- 41 The Act replaces the existing legislative scheme that allows owner-occupiers who are receiving an income-related benefit to claim additional help towards their mortgage payments. This help is replaced by the opportunity to apply for a loan which will only be granted if individuals satisfy certain requirements, including that they have received financial advice. The Act enables the Secretary of State to secure a charge on the individual's property as security for the loan. The Act also makes provision about the transition from the current provision of support for mortgage interest to the new loans scheme, and allows the Government to manage the introduction of the new scheme in an appropriate way.
- 42 The provision of help with mortgage interest in the form of a loan rather than a benefit will ensure that the Government continues to mitigate the risk of repossession while providing better value for the tax payer.

## Expenses of paying sums in respect of vehicle hire etc

- 43 The Motability scheme leases and sells motor vehicles to disabled persons in receipt of a qualifying benefit. The Government facilitates this arrangement by diverting the benefit payments of participating claimants to Motability Operations Ltd, so they do not have to collect the money themselves. This is of direct benefit to Motability.
- 44 The cost of administering these payments varies annually, although it currently stands at under £1 million. Although Motability has indicated they are willing to pay these costs, the Government does not currently have the power to recover them. The Act enables the Secretary of State to make regulations for doing so. Motability are supportive of this and have provided assurance that the expenses incurred will be absorbed by the scheme and not result in any changes to customer pricing.
- 45 Although Motability is currently the only organisation running a discounted vehicle scheme for disability living allowance/personal independence payment claimants, the provisions would apply to any scheme that is equivalent in purpose.

## Social housing rents

- 46 Prior to the Act, Government rent policy for social rented properties was generally set based on a formula (a model known variously as "social rent", "formula rent" and "target rent"), which was updated annually at a rate of RPI + 0.5%. This policy was

mandatory for private registered providers, but discretionary in relation to local authority providers. The policy included a limit on annual rent increases of RPI + 0.5% + £2 where rents were below formula rent. In 2011, the Government introduced a new form of social housing, Affordable Rent, whose rent can be set at up to 80% of market rate, inclusive of service charges (or at formula rent where that is higher). Affordable Rent was also subject to rent policy and the limit on annual rent increases. A new rent policy was published in May 2014 (with effect from April 2015) limiting annual rent increases to CPI + 1% for the next ten years. The underlying social or 'formula' rents were also updated annually at a rate of CPI + 1%.

- 47 Through the new provision in this Act the Government reduces rents of social housing in England by 1% a year for 4 years from April 2016. The Government intends these reductions to reset the levels of rents in the social housing sector, which over recent years have become out of kilter with private rents. This will help protect taxpayers from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs. This will reduce average rents for households in the social housing sector by around 12% by 2020 compared to current forecasts.

## Legal background

### Full employment reporting obligation

- 48 There is no existing legislation on the Full Employment measure.

### Apprenticeships reporting obligation

- 49 Existing legislation on apprenticeships is the Apprenticeships, Skills, Children and Learning Act 2009 (amended by Schedule 1 to the Deregulation Act 2015).

### Troubled Families Programme

- 50 There is no specific statutory basis for the Troubled Families Programme. Rather, grant funding to local authorities is provided in exercise of the power contained in section 31 of the Local Government Act 2003.

### Children living in low-income households

- 51 There is no existing legislation in respect of this section. This is a new statutory duty on the Secretary of State.

### Life chances

- 52 The relevant legislation is the Child Poverty Act 2010 cited as the Life Chances Act 2010.

### Benefit cap

- 53 The relevant legislation, as indicated in the policy background section, is sections 96 and 97 of the Welfare Reform Act 2012.

## Freeze of certain social security benefits and certain tax credit amounts for four tax years

- 54 The relevant legislation is:
- a. the Social Security Administration Act 1992, and
  - b. the Tax Credits Act 2002.
- 55 Under section 150 of the Social Security Administration Act 1992, the Secretary of State for Work and Pensions is required to review the value of benefits and pensions in light of changes in prices. Where it appears to the Secretary of State that prices have increased relative to the value of those benefits the Secretary of State must make an up-rating order which increases certain benefits by at least the amount by which prices have increased and if the Secretary of State considers it appropriate, having regard to the national economic situation and any other matters the Secretary of State considers relevant, which also increases other benefits by such a percentage as he thinks fit. The Order is subject to Parliamentary approval. The Act provides that, for the four tax years from 2016-17, each of the relevant sums listed in paragraph 1 of Schedule 1 will remain the same as it was in 2015-16.
- 56 Responsibility for up-rating child benefit was transferred from the Secretary of State to the Treasury under section 49(3) of the Tax Credits Act 2002. Therefore, the Treasury must review the child benefit rates for Great Britain in each tax year under section 150(1) of the Social Security Administration Act 1992 to determine whether or not they have retained their value in relation to the general level of prices in the United Kingdom. Section 150(2) of that Act provides that HM Treasury has a discretion, where it is considered appropriate, to up-rate the rates of child benefit taking into account the "national economic situation and any other matters" which "are considered relevant". Child Benefit is not devolved and applies to the whole of the United Kingdom.
- 57 Responsibility for setting the amounts of tax credits lies with HM Treasury under sections 9, 11 and 65(1) of the Tax Credits Act 2002. The Treasury must review the rates in each tax year under section 41 of that Act to determine whether they have retained their value in relation to the general level of prices in the UK. Section 41 also obliges the Treasury to prepare a report of each review and include a statement of what each amount would be if it had fully retained its value, and to publish the report and lay a copy of it before each House of Parliament. Tax credits are not devolved and apply to the whole of the United Kingdom.

## Changes to child tax credit

- 58 Responsibility for child tax credit (CTC) lies with HM Treasury under sections 8, 9, and 65(1) of the Tax Credits Act 2002.
- 59 Currently, section 8 sets out the conditions for entitlement to CTC and what is meant by a child or qualifying young person for the purposes of child tax credit. Section 9 provides for regulations setting out the elements of CTC making up the maximum rate of CTC and provides that the maximum rate must include:
- a. an element which is to be included in the case of all persons entitled to CTC (the 'family element'); and
  - b. an element in respect of each child or qualifying young person for whom the person or persons entitled to CTC is or are responsible (the 'individual element').
- 60 Section 9(5) allows regulations to vary the amount of either the family or the individual element and requires that the individual element must be increased in the case of a child or qualifying young person who is disabled and further increased in the case of a child or qualifying young person who is severely disabled.

## Changes to the child element of universal credit

- 61 Relevant legislation for the child element in universal credit is:
- a. section 10 of the Welfare Reform Act 2012, and
  - b. regulations 24 and 36 of the Universal Credit Regulations 2013.

## Removing the work-related activity component in employment and support allowance and the limited capability for work element in universal credit

- 62 The existing legislation which makes provision for the work-related activity component in employment and support allowance (ESA) and the limited capability for work element in universal credit (UC) is:
- a. for ESA, Part 1 of the Welfare Reform Act 2007; and
  - b. for UC, Part 1 of the Welfare Reform Act 2012.

## Conditionality for responsible carers in universal credit

- 63 The relevant conditionality requirements are set out in the following legislation:
- a. sections 19, 20, 21 and 22 of the Welfare Reform Act 2012; and
  - b. regulation 91 of the Universal Credit Regulations 2013.

## Loans for mortgage interest etc

- 64 The key legislation for the current support for mortgage interest scheme is:
- a. income support – Section 135(1) of the Social Security Contributions and Benefits Act 1992 and regulations 17(1)(e) and 18(1)(f) of, and Schedule 3 to, the Income Support (General) Regulations 1987;

- b. jobseeker's allowance – Section 4(3), (3A) and (5) of the Jobseekers Act 1995 and regulations 83(f) and 84(g) of, and Schedule 2 to, the Jobseeker's Allowance Regulations 1996;
- c. employment and support allowance – Section 4(1) and (2) of the Welfare Reform Act 2007 and regulations 67(1)(c) and 68(1)(d) of, and Schedule 6 to, the Employment and Support Allowance Regulations 2008;
- d. state pension credit – Section 2(2) and (3) of the State Pension Credit Act 2002 and regulation 6(6)(c) of, and Schedule 2 to, the State Pension Credit Regulations 2002;
- e. universal credit - Sections 8(2)(c) and 11 of the Welfare Reform Act 2012 and regulations 23(1)(c) and 25 of, and Schedules 1 to 3 and 5 to, the Universal Credit Regulations 2013; and
- f. payments direct to mortgage lenders - Section 15A of the Social Security Administration Act 1992, regulation 34A of the Social Security (Claims and Payments) Regulations 1987 and regulation 59 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013.

## Expenses of paying sums in respect of vehicle hire etc

65 The relevant legislation which allows the payment of the benefits to Motability is:

- a. section 5 of the Social Security Administration Act 1992;
- b. regulations 44 – 46 of the Social Security (Claims and Payments) Regulations 1987; and
- c. regulations 62-64 of the Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Claims and Payments) Regulations 2013.

## Social housing rents

66 The legislation relating to existing housing and rent policy for private registered providers and local authorities, including changes to end housing subsidy and enable self-financing of local housing authorities, is set out in a combination of primary and subordinate legislation. The current provisions are:

- a. Housing Act 1985;
- b. Local Government and Housing Act 1989;
- c. Housing and Regeneration Act 2008;
- d. Localism Act 2011;
- e. secondary legislation made under the above Acts.

## Territorial extent and application

- 67 The following provisions extend and apply across the whole of the UK:
- a. the duty to report annually on progress towards the Government's objective of full employment;
  - b. the duty to publish data on children in low-income households annually;
  - c. freeze of tax credits and child benefit;
  - d. changes to child tax credit.
- 68 The following provisions extend and apply to England, Wales and Scotland (Northern Ireland is responsible for its own social security system):
- a. changes to benefit cap;
  - b. freeze of certain social security benefits;
  - c. changes to child element of universal credit;
  - d. the removal of the work-related activity component in employment and support allowance and the limited capability for work element in universal credit;
  - e. conditionality for responsible carers in universal credit;
  - f. loans for mortgage interest etc;
  - g. expenses of paying sums in respect of vehicle hire etc.
- 69 The following provisions extend to England and Wales but apply to England only:
- a. apprenticeships duty;
  - b. the duty to report annually on the progress of the Troubled Families Programme (the delivery of similar programmes in Wales, Scotland and Northern Ireland is a devolved matter);
  - c. the social housing rent provisions.
- 70 The life chances provisions extend across the whole of the UK but some sections apply as follows:
- a. the duty to report annually on measures of children living in workless households and the educational attainment of children at Key stage 4 applies to England only;
  - b. the duty on the relevant Northern Ireland department to produce a strategy which sets out the measures it proposes to take to ensure, as far as possible, that children in Northern Ireland do not experience socio-economic disadvantage only applies to Northern Ireland ;
  - c. the duty on the renamed Social Mobility Commission (the Commission) in relation to promoting social mobility and advising Ministers, if requested, on how to improve social mobility, applies to England only;
  - d. the duty on the Commission to report on progress made towards improving social mobility applies to the UK;

- e. the duty on the Commission in relation to reporting annually after the appointed day for Northern Ireland on the measures taken to ensure, as far as possible, that children in Northern Ireland do not experience socio-economic disadvantage, only applies to Northern Ireland;
- f. the power of a Minister of the Crown to direct the Commission to carry out any other activity relating to improving social mobility applies to England and Northern Ireland only.

## Commentary on provisions of Act

### Section 1: Full employment reporting obligation

- 71 The section places a duty on the Secretary of State to produce an annual report on the progress towards full employment during this Parliament. The first annual report will set out how full employment is to be interpreted for these purposes, using measures which best reflect the labour market.
- 72 *Subsection (2)* provides that this section is repealed on the date of the first dissolution of Parliament after this section comes into force.

### Section 2: Apprenticeships reporting obligation

- 73 The Government has set a target for three million apprenticeships to be started in England during this Parliament. This section requires the Secretary of State to report on progress made towards that target. The section specifies five reporting periods to cover the entire period beginning with 1 May 2015 and ending with 31 March 2020. Information must be published within nine months of the end of each reporting period.
- 74 The Secretary of State must lay a report in Parliament for each reporting period. The reports will include or reference statistical information about the progress made in the reporting period towards meeting the target, together with any other information about apprenticeships that the Secretary of State considers appropriate. This might include information about policies introduced to support the growth of apprenticeships.
- 75 As the target relates specifically to this Parliament, the section contains a provision for automatic repeal a year after the final reporting period, allowing time for the final report to be published.
- 76 “Apprenticeship” is defined in the section as an approved English apprenticeship and certain other statutory apprenticeships. An approved English apprenticeship is an arrangement which takes place under an approved English apprenticeship agreement between employer and apprentice or is an alternative English apprenticeship. The approved English apprenticeship agreement is a combination of paid employment and training towards achievement of a recognised standard. The other statutory apprenticeships relate to apprenticeship frameworks which have not yet been withdrawn by the Secretary of State and are saved by article 13 of and the Schedule to the Deregulation Act 2015 (Commencement No. 1 and Transitional and Saving Provisions) Order 2015 (S.I. 2015/994).

### Section 3: Troubled Families Programme

- 77 This section requires the Secretary of State to prepare a report on progress made by families who receive support as part of the Troubled Families Programme. This report will be based on information from the programme's national evaluation and the payment by results achieved by local authorities.
- 78 Currently, to be eligible for support as part of the programme, families must have at least two of the six problems laid out in the programme's Financial Framework and have been prioritised for inclusion by the local authority on the basis that they are families who are likely to benefit from an integrated, whole family approach, and are the families who result in the highest costs to the public purse. Local authorities will typically work in partnership with a range of local public service providers, including those in the voluntary and community sector, to offer the necessary services to their local troubled families. This support aims to achieve significant and sustained progress across each family, compared with all the family members' problems at the point of engagement with the programme; and to move adults in these families off benefits and into continuous employment.
- 79 The progress report is to be prepared by the Secretary of State before the end of each financial year and laid before Parliament.
- 80 The operating terms of the Troubled Families Programme may change over the lifetime of the programme. To accommodate this, the Secretary of State is required to issue a notice specifying the measures which the Secretary of State will report against before the start of each financial year.

### Section 4: Children living in low-income households

- 81 This section places a duty on the Secretary of State to publish data annually, but not to report to Parliament, on the percentage of children living in four low-income households. The four low-income households are those commonly referred to as in relative low-income, combined low-income and material deprivation, absolute low-income, and persistent low-income. These terms are defined in the section as the percentage of children in the United Kingdom:
- a. who live in households whose equivalised net income for the relevant financial year is less than 60% of median equivalised net household income for that financial year (relative low-income);
  - b. who live in households whose equivalised net income for the relevant financial year is less than 70% of median equivalised net household income for that financial year, and who experience material deprivation (combined low-income and material deprivation);
  - c. who live in households whose equivalised net income for the relevant financial year is less than 60% of median equivalised net household income for the financial year beginning 1 April 2010, adjusted to take account of changes in the value of money since that financial year (absolute low-income);
  - d. who live in households whose equivalised net income has been less than 60% of median equivalised net household income in at least 3 of the last 4 survey periods (persistent low-income).
- 82 The data on children in low-income households must be published by 31 March 2017 and thereafter annually. The data published must relate to the most recent financial year, for which data is available.

- 83 The approach taken regarding the terms used will be set out in the relevant publication.
- 84 The section also provides that the publication itself may set out how and when the baseline year of 1 April 2010 for the absolute low-income data will be adjusted. This may eventually be necessary to take account of changes to the value of money and to prevent this data becoming meaningless over time.

### Section 5: Workless households and educational attainment reporting obligations

- 85 This section places a duty on the Secretary of State to report annually against measures of worklessness and educational attainment in England. The detail of these measures and related definitions will be taken directly from relevant official statistics so far as practicable, as defined by section 6(1) of the Statistics and Registration Service Act 2007.
- 86 The section requires the Secretary of State to lay a report before Parliament annually setting out data on the measures of worklessness and education.
- 87 The section requires the worklessness measures to be based, so far as practicable, on data published in relevant official statistics, such as the Office for National Statistics release currently titled "Working and Workless households". The report will identify the proportion of children living in workless households (i.e. where no adult is in employment), and the proportion of children in long-term workless households (i.e. where no adult has been in employment for at least the last 12 months).
- 88 The section also requires the educational attainment measures to be based, so far as practicable, on data published in relevant official statistics, such as the Key Stage 4 attainment data published by the Department for Education, in the Statistical First Release currently titled "GCSE and equivalent attainment by pupil characteristics".

### Section 6: Social Mobility Commission

- 89 This section sets out how the Social Mobility and Child Poverty Commission is reformed as the Social Mobility Commission and describes its functions.
- 90 The Commission has a duty to promote social mobility in England. It will provide an independent scrutiny and advocacy role on social mobility in England.
- 91 It has a duty to report its views on progress in improving social mobility in the UK and to publish this report annually.
- 92 The Commission will continue to report on the measures taken by the relevant Northern Ireland department in relation to its strategy to ensure that as far as possible children in Northern Ireland do not experience socio-economic disadvantage.
- 93 It no longer has a duty to report on the measures taken by Scottish Ministers in relation to their strategy to ensure that as far as possible children in Scotland do not experience socio-economic disadvantage. Nor will it continue to report on the measures taken by Welsh Ministers in accordance with the Welsh strategy.
- 94 A Minister of the Crown may direct the Commission to carry out any other activity relating to improving social mobility in England and Northern Ireland.
- 95 The members of the Commission are to be:
- a. a chair appointed by a Minister of the Crown;
  - b. after the appointed day for Northern Ireland, a member appointed by the relevant Northern Ireland department;

- c. any other members appointed by a Minister of the Crown; and
  - d. a Minister of the Crown may appoint one of the members as the deputy chair.
- 96 A Minister of the Crown may, if the Commission so requests, carry out or commission research for the purpose of the carrying out of the Commissions functions.

## Section 7: Other amendments to the Child Poverty Act 2010

- 97 This section amends the Child Poverty Act 2010 (to be cited as the Life Chances Act 2010) to remove the measures, targets, duties and other provisions, including:
- a. the statutory targets and measures (sections 1-7, 15, 17 and schedule 2);
  - b. the Social Mobility and Child Poverty Commission (sections 8 to 8C);
  - c. the duties placed on the Secretary of State to consult on, review, lay and publish a triennial child poverty strategy (sections 9 and 10);
  - d. the duty placed on Scottish Ministers to consult on, review, lay and publish a triennial child poverty strategy (section 11 and section 13 as it relates to Scottish Ministers and the Scottish strategy); and
  - e. the duties placed on local authorities (sections 19 to 25).
- 98 This section makes additional amendments to section 12 of the Child Poverty Act in order to remove references to the targets (which are repealed by this Act) and to maintain as now the period during which the relevant Northern Ireland department is required to produce its strategy.
- 99 The section replaces references to “the target year” with specific dates as a consequence of targets being removed by this Act.
- 100 The section retains definitions of child, parent and parental responsibility in respect of the on-going duties of the relevant Northern Ireland department to publish its strategy.
- 101 The section updates the ‘general interpretation’ section of the Child Poverty Act to explain relevant terms.

## Section 8: Benefit cap

- 102 The section amends section 96 of the Welfare Reform Act 2012 which provides for the amount of welfare benefits to which a claimant or a couple can be entitled to be capped by reference to a relevant amount in a prescribed manner.
- 103 *Subsection (2)* amends *subsection (5)* of section 96 of the Welfare Reform Act 2012 and inserts new *subsections (5A)* and *(5B)*. *Subsection (5)* allows for regulations to determine the benefit cap's "relevant amount", which will be the weekly level of the cap that will be applied for housing benefit and the monthly level that will be applied for universal credit. This determination is to be made by reference to the annual limit of entitlement for a single person or a couple and lone parent.
- 104 *Subsection (5A)* provides that the annual limit for the benefit cap should be £20,000 or £13,400 except in Greater London where it is set at £23,000 or £15,410.
- 105 *Subsection (5B)* gives the Secretary of State a power to make regulations that specify which limit applies to couples or single people of a prescribed description. The Secretary of State intends to use this power to prescribe that the lower amounts will apply to single people and the higher amounts will apply to couples and lone parents. The Secretary of State is also granted the powers to allow him to make regulations that

define when a person is or is not resident in Greater London and that provide for the monthly or weekly figures derived from the annual limit can be rounded where appropriate.

106 *Subsection (3)* omits the existing section 96(6) to (8) of the Welfare Reform Act which require the setting of the "relevant amount" (the level of the cap) with reference to estimated average earnings.

107 *Subsection (4)* amends section (10) of section 96 of the Welfare Reform Act 2012, and defines "welfare benefits" for the purposes of the benefit cap as:

- a. bereavement allowance
- b. child benefit
- c. child tax credit
- d. employment and support allowance
- e. housing benefit
- f. incapacity benefit
- g. income support
- h. jobseeker's allowance
- i. maternity allowance
- j. severe disablement allowance
- k. universal credit
- l. widowed mother's allowance
- m. widowed parent's allowance
- n. widow's pension

108 *Subsection (5)* repeals section 96(11). This is consequential to the amendments to section 96(10).

109 *Subsection (6)* omits the existing section 97(3) of the Welfare Reform Act 2012 which required the first regulations laid under the powers of section 96 to be subject to the affirmative procedure. As the first set of regulations has already been made, the removal of the word "other" from section 97(4) of the Welfare Reform Act 2012 is consequential to the removal of section 97(3) of that Act.

110 *Subsection (7)* makes a consequential change to paragraph 52 of Schedule 12 to the Pensions Act 2014.

111 *Subsections (8) and (9)* provide that regulations made in relation to commencement of *subsections (1) to (6)* may make such transitional provision or savings as the Secretary of State considers necessary. They also provide that Regulations may stipulate that the amendments need not take effect until the Secretary of State provides by notice that they should, that the amendments may take effect at different times for different persons or description of persons and that regulations may make provision about the issuing of notices.

112 *Subsection (10)* provides that any regulations under *subsection (8)* do not require consultation with Local Authority Associations under section 176 of the Social Security Administration Act 1992.

113 *Subsections (11) and (12)* provide that any regulations made under *subsection (8)* must be made by statutory instrument which would be subject to the negative procedure.

## Section 9: Review of benefit cap

114 The section inserts a new section 96A, Benefit cap: review, into the Welfare Reform Act 2012.

115 The new section 96A(1) commits the Secretary of State to at least one review of the benefit cap in each Parliament to decide whether it is appropriate to change or maintain one or more of the annual limits specified in *subsection 96(5A)*.

116 Notwithstanding the requirement in the new section 96A(1), the new section 96A(2) allows the Secretary of State at any other time to review any or all of the annual limits in section 96(5A) to decide whether it is appropriate to change or maintain one or more of the annual limits.

117 The new section 96A(3) provides that when reviewing the cap the Secretary of State must take into account the national economic situation, as well as any other factors which the Secretary of State considers relevant.

118 The new section 96A(4) allows the Secretary of State, if he considers it appropriate after carrying out a review of the annual limits, to increase or decrease one or more of the annual limits by regulations.

119 The new section 96A(5) provides that any amendments to the annual limit can come into force on different days for different areas, cases or purposes.

120 The new sections 96A (6) and (7) provide similar powers to *subsections (8) and (9)* of section 8 and provide that regulations made under *subsection (6)* may make such transitional provision or savings as the Secretary of State considers necessary and, in particular, may stipulate that the amendments to the limits made pursuant to section 96A(4) need not take effect until the Secretary of State provides notice that they should, that the amendments may take effect at different times for different persons or description of persons and may make provision about the issuing of notices.

121 The new section 96A(9) provides for the circumstances of an early Parliamentary election taking place in accordance with section 2 of the Fixed-term Parliament Act 2011. In such circumstances the duty to review the annual limits provided by the new section 96A(1) is to be disregarded.

122 *Subsections (2), (3) and (4)* make consequential amendments to section 97 of the Act.

123 *Subsection (5)* inserts a new *subsection (4A)* into section 97 that provides that any regulations which amend an "annual limit" in section 96(5A) of the Act, following a review pursuant to inserted section 96A(1) and (2) will be subject to the affirmative Parliamentary procedure.

124 *Subsections (6) and (7)* omit section (5) of section 97 of the Act and section (7A) of section 150 of the Social Security Administration Act 1992 and so remove the obligation on the Secretary of State to review each year the level of the benefit against the level of average earnings.

## Section 10: Benefit cap regulations and the Social Security Advisory Committee

125 This section provides that sections 96 and 97 of the Welfare Reform Act 2012 are included within the definition of “relevant enactments” in section 170 of the Social Security Administration Act 1992 (“the Act”). The section also amends Schedule 7 to the Act with the effect that regulations made pursuant to those sections are required to be referred to the Social Security Advisory Committee for consideration pursuant to section 172 of the Act, with the exception of section 96A. This is because the amendment to Schedule 7 of the Act provides that the requirement does not apply to regulations made under section 96A of the Welfare Reform Act 2012.

## Section 11: Freeze of certain social security benefits for four tax years

126 This section provides for a freeze of certain social security benefits for four tax years and introduces Schedule 1, paragraph 1 of which defines the relevant sums.

127 *Subsection (1)* provides that for each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020 (“the four tax years”), each of the relevant sums is to remain the same as it was in the tax year ending 5 April 2016.

128 *Subsection (2)* provides that for each of the four tax years the rates of child benefit are to remain the same as they were in the tax year ending 5 April 2016.

129 Under section 150(1) of the Social Security Administration Act 1992, the Secretary of State for Work and Pensions must in each tax year review the sums of benefits and pensions in order to determine whether they have retained their value in relation to the general level of prices obtaining in Great Britain estimated in such manner as the Secretary of State thinks fit. *Subsection (3)* provides that the review in each of the four tax years preceding the tax years in which the benefits are to be frozen need not cover any of the relevant sums or the rates of child benefit.

130 Under section 150(2) where it appears to the Secretary of State that prices have increased relative to the value of benefits and pensions the Secretary of State must make an up-rating order, which is subject to the affirmative procedure. *Subsection (4)* provides that a draft up-rating order laid before Parliament under section 150(2) in each of the four tax years preceding the tax years in which the benefits are to be frozen (e.g. a draft up-rating order that applies to a tax year in which benefits are to be frozen) need not cover any of the relevant sums or the rates of child benefit.

131 *Subsection (5)* requires, in each of the four tax years preceding the tax years in which the benefits are to be frozen, the Secretary of State to lay before Parliament a copy of a report by the Government Actuary on the likely effect of the freeze of each of the relevant sums on the National Insurance Fund in the following tax year (i.e. the years of the freeze), so far as the freeze of the relevant sum relates to any sum payable out of the Fund.

## Section 12: Freeze of certain tax credit amounts for four tax years

132 This section freezes certain relevant amounts of working tax credit and child tax credit for the tax years ending 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020. The relevant amounts are to remain the same as they were in the tax year ending 5 April 2016 and the relevant amounts are defined in paragraph 2 of Schedule 1 (see *subsection (3)*).

133 *Subsection (2)* specifies that the review under section 41 of the Tax Credits Act 2002 (which shows whether certain benefits have retained their value in each tax year) that is undertaken in each of the four tax years during the freeze, need not cover any of the relevant amounts.

## Section 13: Changes to child tax credit

- 134 The section makes amendments to section 9 of the Tax Credits Act 2002 which makes provision for the maximum rate at which a person or persons may be entitled to child tax credit (CTC).
- 135 *Subsection (2)(a)* amends section 9(2)(a) of the Tax Credits Act 2002 by substituting wording so that it provides for an element (defined in section 9(3) as the family element), which must be included in the prescribed manner of determination of the maximum rate of CTC, in respect of every person or persons entitled to CTC who is or are responsible for a child or qualifying young person born prior to 6 April 2017.
- 136 *Subsection (2)(b)* inserts a new paragraph (c) into *subsection (2)* of section 9 of the Tax Credits Act 2002 to provide for a new element (“the disability element”) which must be included in the prescribed manner of determination of the maximum rate of CTC in the case of a child or qualifying young person who is disabled or severely disabled. This disability element will ensure that the equivalent of the higher amount of the individual element of CTC for disabled and severely disabled children will continue to be available from 6 April 2017. The disability element will be payable in respect of all disabled children or qualifying young persons regardless of their date of birth and whether they are the first, second, third or subsequent child or qualifying young persons in the family.
- 137 *Subsection (5)* substitutes a new paragraph (c) into section 9(5) of the Tax Credits Act 2002 so as to provide that the prescribed manner of determination of the maximum rate of CTC may include provision for the disability element of CTC to vary according to whether the child or qualifying young person is disabled or severely disabled.
- 138 *Subsection (3)* inserts new wording in *subsection (3)* of section 9 of the Tax Credits Act 2002 to define the element provided for in new section 9(2)(c) as the disability element of CTC.
- 139 *Subsection (4)* inserts two new *subsections (3A and 3B)* into section 9 of the Tax Credits Act 2002.
- 140 New *subsection (3A)* of section 9 of the Tax Credits Act 2002 provides for new *subsection (3B)* to apply in a case of a person or persons entitled to CTC who is or are responsible for a child or qualifying young person born on or after 6 April 2017.
- 141 New *subsection (3B)* of section 9 of the Tax Credits Act 2002 provides that the prescribed manner of determination in relation to the person or persons to whom new *subsection (3A)* applies must not include an individual element of CTC in respect of a child or qualifying young person born on or after 6 April 2017 unless they are claiming the individual element for no more than one other child or a prescribed exception applies. An exception will apply, for example, to protect instances of multiple births where a family would otherwise have exceeded two children in a family. Section 67 of the Tax Credits Act 2002 provides that for the purposes of Part 1 of the Tax Credits Act 2002, “prescribed” means prescribed by regulations.

## Section 14: Changes to child element of universal credit

- 142 This section amends section 10 of the Welfare Reform Act 2012 in relation to the calculation of an award of Universal Credit. *Subsection (2)* inserts a new subsection into that section 10 which provides that an award of universal credit will only include amounts (the “child element”) in respect of a maximum of two children or qualifying young persons for whom a claimant is responsible.

- 143 The limit of two will not apply to the additional amount that is paid in respect of a child or qualifying young person who is disabled. *Subsection (3)* amends the section 10(2) of the Welfare Reform Act 2012 to allow the Secretary of State to make regulations providing for the inclusion of this amount for each disabled child or qualifying young person for whom the claimant is responsible.
- 144 *Subsection (4)* amends section 10(4) of the Welfare Reform Act 2012 to provide that the Secretary of State may make regulations to allow for an amount to be included in the child element for a child or qualifying young person in certain circumstances where the number of children or qualifying young persons exceeds two, for example in the case of a multiple birth prior to which the claimant was responsible for fewer than two children or qualifying young persons.
- 145 *Subsection (5)* amends the Universal Credit Regulations 2013 to remove the distinction between the first and subsequent children or qualifying young persons in the rate of the child element. This means there will be a single rate for the child element instead of the current situation where there is a higher rate payable for the first child or qualifying young person which corresponds with the family element in child tax credit.
- 146 *Subsection (6)* provides that the Secretary of State may make regulations for transitional or transitory or savings provision. For example, it is intended that savings will be made so that existing claimants who are already receiving the child element in respect of more than two children or qualifying young persons at the point the section comes into force will continue to receive an amount in the child element in respect of each of them, and a higher rate of child element for their first child or qualifying young person, such that they will not see a reduction in the child element of their award where there is no change in circumstances. However, such claimants will not be entitled to any further amounts for new children or qualifying young persons for whom the claimant becomes responsible after the implementation date where this would cause the limit of two to be exceeded, and the higher rate will cease to be payable once the claimant ceases to be responsible for the first child or qualifying young person.

## Section 15: Employment and support allowance: work-related activity component

- 147 The section amends Part 1 of the Welfare Reform Act 2007 which introduced employment and support allowance (ESA).
- 148 *Subsection (2)* amends section 2 of the Welfare Reform Act 2007 to remove provision for payment of a work-related activity component in relation to contributory ESA.
- 149 *Subsection (3)* amends section 4 of the Act to remove provision for payment of a work-related activity component in relation to income-related ESA.
- 150 *Subsection (4)* provides the Secretary of State with the power to make regulations for transitional and savings purposes in connection with *subsection (2) and (3)*. The intention is that these regulations will include provision for claimants who are already in receipt of the work-related activity component in ESA to continue to receive that component.
- 151 *Subsection (5)* provides that regulations under *subsection (4)* may provide for the work-related activity component to be payable to existing incapacity benefit, severe disablement allowance and income support claimants who have not yet had their awards converted to ESA and are placed in the work-related activity group following conversion.
- 152 *Subsections (6) and (7)* provide that the regulations under *subsection (4)* must be made by

statutory instrument subject to the negative procedure.

### Section 16: Universal credit: limited capability for work element

153 The section makes similar provision for UC claimants as section 15 for ESA claimants. It amends section 12 of the Welfare Reform Act 2012 which provides for an award of universal credit to include an amount in respect of such particular needs or circumstances as may be prescribed in regulations.

154 It removes the provision in section 12(2)(a) that the fact that a claimant has limited capability for work is a need or circumstance that may be prescribed.

155 The intention is that regulations made under existing provisions of the Welfare Reform Act 2012 will remove provision for the limited capability for work element but that this will not apply to claimants who are already in receipt of that element.

### Section 17: Universal credit: work-related requirements

156 This section changes the conditionality for responsible carers in universal credit to the following effect:

- a. those with a child aged 3 or 4 will be subject to all-work related requirements;
- b. those with a child aged 2 may be required to undertake work-focused interview requirements and work preparation requirements;
- c. those with a child aged 1, as now, may be required to undertake work-focused interview requirements only.

### Section 18: Loans for mortgage interest etc.

157 This section enables owner-occupiers who are receiving an income-related benefit to claim help towards their liability to make owner-occupier payments by way of a loan.

158 *Subsection (1)* specifies that the Secretary of State may, by regulations, provide for loans to be made in respect of a person's liability to make owner-occupier payments in respect of accommodation that they occupy as their home.

159 *Subsections (2) and (3)* enable the Secretary of State to specify in the regulations the conditions that will govern eligibility to receive a loan which may, in particular, include that a claimant is entitled to receive jobseeker's allowance, income support, employment and support allowance, state pension credit or universal credit.

160 *Subsections (4) to (7)* enable the Secretary of State to set out further detail about the loans scheme in regulations including: provision about the liabilities in respect of which a loan can be made; the method for calculating the amount of loan which can be made; and that the loan will be secured by a charge over land.

161 *Subsection (8)* provides that the term "owner-occupier payments" will be defined in regulations. This definition will make provision about mortgage interest payments and payments under alternative finance arrangements.

162 *Subsections (10) and (11)* provides that the regulations must be made by statutory instrument subject to the negative procedure.

### Section 19: Further provision

163 This section enables the Secretary of State to set out further detail about the loans scheme in the regulations made under section 18.

- 164 *Subsection (2)* enables the Secretary of State to specify the circumstances in which a person is to be treated as liable or not liable to make owner-occupier payments and the circumstances in which a person is to be treated as occupying or not occupying their home.
- 165 *Subsection (3)* enables the Secretary of State to provide for the following in the regulations: how a person can apply for a loan; the requirements which they must satisfy before a loan can be made (such as receiving financial advice); provision about entering into an agreement with the person receiving a loan; when and how a loan must be repaid; other terms upon which a loan is made; that interest will be charged on the loan and the rate; that administration charges will be charged; and provision enabling substituted security be taken in cases where a person moves to another property.
- 166 *Subsection (4)* provides that the regulations may require that loans are paid direct to the claimant's mortgage lender and *subsections (7) to (9)* set out what constitutes a "qualifying lender" for these purposes. This provision mirrors the existing legislative provisions in section 15A of the Social Security Administration Act 1992 which will be repealed under section 20, and will help to ensure the continued forbearance of lenders.
- 167 *Subsection (5)* enables the regulations to provide for the Secretary of State to delegate the exercise of certain functions under the regulations to a third party.
- 168 *Subsection (6)* states that the regulations may include provision requiring information and documents to be provided and allowing for information to be disclosed.

## Section 20: Consequential amendments

- 169 This section makes consequential amendments to certain provisions which concern the payment of support for mortgage interest as a benefit.
- 170 *Subsections (1) and (11)* repeal certain provisions relating to the payment of support for mortgage interest direct to lenders out of a claimant's entitlement to a relevant benefit. Payment of support for mortgage interest loans will instead be paid direct to lenders pursuant to provision made under section 19(4) of the Act.
- 171 *Subsection (2)* amends section 170 of the Social Security Administration Act 1992 so that regulations relating to support for mortgage interest loans are referred to the Social Security Advisory Committee for consideration.
- 172 *Subsections (3) to (7)* make amendments to certain rules in the Social Security Act 1998 which concern decision-making and appeals so that the rules apply to decisions about loans in the same way as they apply to decisions about benefits.
- 173 *Subsections (8) and (9)* amend section 3A(5)(a) of the State Pension Credit Act 2002 and section 11(3)(a) of the Welfare Reform Act 2012 respectively, which concern the meaning of "payments in respect of accommodation", by omitting the reference to mortgage payments. This is because mortgage payments will no longer be paid as part of a claimant's award of universal credit or pension credit, and will instead be offered as a loan under section 18(1) of the Act.
- 174 *Subsection (10)* amends section 131 of the Welfare Reform Act 2012 to allow the Department to supply information about support for mortgage interest loans to persons who are concerned with the provision of welfare services. This will ensure that claimants of support for mortgage interest loans can access certain "passport" benefits in the same way as they can under the current scheme.

## Section 21: Transitional provision

- 175 *Subsection (1)* provides powers to make transitional, transitory and savings provision by way of regulations in relation to the transition from the current provision of support for mortgage interest as a benefit to the new scheme of loans. This will ensure that the Government can manage the introduction of support for mortgage interest loans as it sees fit, in particular the migration of those who currently get support for mortgage interest as a benefit to the new loan system.
- 176 *Subsection (2)* enables the regulations to provide for the temporary exclusion of the making of a loan under section 18. *Subsection (3)* provides that the temporary exclusion can continue until such time as is specified in a notice issued by the Secretary of State.
- 177 *Subsection (4)* enables the regulations to specify that support for mortgage interest can continue to be paid in the form of a benefit, for example where the making of loans is temporarily excluded. *Subsection (5)* enables the regulations to provide for legislation that has been repealed or revoked under the Act to be treated as having effect and for assistance with mortgage interest payments to continue to be paid as a benefit until such time as specified in a notice issued by the Secretary of State. *Subsection (7)* enables the regulations under this section to make different provision for different areas, cases or purposes.
- 178 *Subsections (8) and (9)* provide that these regulations must be made by statutory instrument subject to the negative procedure.

## Section 22: Expenses of paying sums in respect of vehicle hire etc

- 179 This section enables the Secretary of State to make regulations to recover the administrative costs of making certain payments from the organisation to which the payments are made. Specifically, it relates to payments made to any organisation that leases or sells motor vehicles to disabled persons. It only applies to payments made on behalf of those in receipt of the higher rate mobility component of disability living allowance or the enhanced rate mobility component of personal independence payment.
- 180 This section works by modifying the Social Security Administration Act 1992 and takes effect through secondary legislation. The costs can be defrayed either by requiring the organisation to pay a fee or by deducting and retaining part of the benefit payment or by such other method as may be prescribed in regulations.

## Section 23: Reduction in social housing rents

- 181 This section requires that in relation to each relevant year registered providers of social housing must reduce the rents payable by their individual tenants by at least 1%. *Subsection (1)* provides that reduction is calculated by reference to the amount of rent that was payable by the tenant in respect of the preceding 12 months.
- 182 *Subsection (2)* clarifies that if a tenancy comes to an end after part of a relevant year or, if the rent reduction requirement no longer applies to the tenancy, then there will be a proportionate reduction in the maximum amount of rent payable.
- 183 *Subsection (3)* makes special provision for determining the amount of rent payable in respect of the 12 months preceding the first relevant year. Its effect is that, for the purposes of calculating rent payable during the rent reduction period, social rents will be reduced from the rate that applied on 8 July 2015 (the date of the summer budget when the rent reduction measures were announced), or an alternative “permitted review

day” with the consent of the Secretary of State for Communities and Local Government. Consent to use of an alternative “permitted review day” might, for example, be sought by a provider who, on 8 July 2015, had not yet implemented its 2015 rent increase. The Secretary of State’s consent can be given individually or be in the form of a general consent (*subsection (4)*).

184 *Subsection (5)* makes clear that for the purposes of calculating the rent payable in the first relevant year a tenancy existing on 8 July 2015 is to be treated as having been in place for at least 12 months before the first relevant year.

185 *Subsection (6)* sets out what is a ‘relevant year’. There are four relevant years commencing from 1st April 2016. Generally, this is a year beginning on 1st April, however, where a private registered provider’s rent year for the majority of its tenancies commences on another date then the rent reductions may be applied from that date instead.

186 *Subsection (7)* qualifies *subsection (6)*. It provides that a private registered provider’s practice as regards its tenancies should be determined by reference to its practice as regards to tenancies of its social housing in the year ending 31 March 2016.

187 *Subsection (8)* clarifies that a private registered provider with the practice referred to in *subsection (6)* is not obliged to use that alternative relevant year provision, but may instead use a year commencing 1st April as its relevant year.

## Section 24: Exceptions

188 The section makes provision for exceptions to the rent reduction requirement set out in Section 23. *Subsection (1)* provides that the rent reduction requirements do not apply to low cost home ownership or shared ownership.

189 *Subsection (2)* provides that the rent reduction requirement does not apply when the property is subject to a mortgage and the mortgagee is in possession of the property, a receiver is appointed to enforce the mortgage, or a person is appointed to exercise powers that include the power to sell or dispose of the property to enforce the mortgage (this includes the appointment of an administrator under paragraph 14 of Schedule B1 to the Insolvency Act 1986).

190 *Subsection (3)* provides that if the property is sold or disposed of by the mortgagee for the purpose of enforcing the mortgage, or a receiver or other person described in *subsections (2)(b)* and *(c)* then the rent reduction requirements cease to apply to that property from that time.

191 *Subsection (4)* defines mortgage and mortgagee for the purposes of *subsections (2)* and *(3)*.

192 *Subsections (5) to (10)* give the Secretary of State power to make regulations to disapply the rent reduction requirement in other cases.

## Section 25: Exemption of a registered provider of social housing

193 This section makes provision for exempting registered providers from the requirements of section 23 in certain circumstances. *Subsection (1)* provides that the Regulator of Social Housing in England may, by direction, exempt a private registered provider from the rent reduction requirement where conditions, including a requirement for the consent of the Secretary of State, are satisfied.

- 194 *Subsections (4) and (5)* set out conditions which must be satisfied before an exemption may be granted. The Regulator may only grant an exemption if the Regulator considers that complying with Section 23 would jeopardise the financial viability of the provider or, if the circumstances of the private registered provider satisfy requirements prescribed in regulations made by the Secretary of State under *subsection (5)*.
- 195 *Subsection (6)* enables the Regulator to publish a document about measures that it considers could be taken by a private registered provider to comply with section 23 and to avoid jeopardising its financial viability.
- 196 *Subsection (7)* gives the Secretary of State powers to, by direction, grant an exemption to a local authority if conditions set out in *subsection (10)*, relating to serious financial difficulties, or *subsection (11)*, relating to requirements prescribed in regulations, are satisfied. *Subsection (12)* enables the Secretary of State to publish a document about measures that he considers could be taken by a local authority to comply with section 23 and to avoid serious financial difficulties.
- 197 *Subsections (2), (3), (8) and (9)* specify the terms on which an exemption may be granted. The Regulator or Secretary of State (as applicable) may grant to a provider a full or limited exemption. The section provides the flexibility to tailor the exemption to the circumstances of a provider such as granting an exemption in respect of only some of the provider's social housing or for a limited period, applying a lesser reduction or limiting rent increases as specified in the direction.

## Section 26: Further provision about social housing rents

- 198 The section introduces Schedule 2 which makes provision for the rent initially payable by tenants of social housing whose tenancies begin after the beginning of 8 July 2015.

## Section 27: Provision about excepted cases

- 199 *Subsection (1)* provides the Secretary of State with a power to make regulations regarding the maximum amount of rent payable by a tenant in a category excepted by regulations under section 24 or paragraph 5 of Schedule 2. *Subsection (2)* enables the Secretary of State to make regulations setting out the maximum amount of rent payable by a tenant who ceases to be excepted from the rent reduction provisions part of the way through a relevant year. The regulations would deal with the rest of that year and, if there is one, the following relevant year.
- 200 *Subsections (3) and (4)* provide that the regulations may, in particular, provide for how the maximum rent may be determined and provide for section 23 or Part 1 of Schedule 2 to have effect with modifications. *Subsection (5)* provides examples of modifications which may be made.
- 201 *Subsection (6)* sets out that regulations may not modify the 1% annual reduction where it is specified in the Act, and *subsection (8)* that where an exception to Part 2 of Schedule 2 applies, alternative provision may not impose a maximum rent below the social rent rate.
- 202 *Subsections (9) to (12)* enable the Secretary of State to make provision for an exemption regime applicable to excepted cases (i.e. provision equivalent to section 25).

## Section 28: Implied Terms

203 The effect of this section is to imply a term into tenancy agreements that rents may be reduced, without notice, to comply with a requirement of the social rent provisions. Such an implied term would override any express provision of an agreement regarding rent review dates and thus help registered providers comply more easily with the social housing rents provisions.

## Section 29: Change of registered provider

204 This section, which applies where social housing subject to a tenancy transfers from one registered provider to another, clarifies how the rent reduction policy applies if there is a change in the registered provider.

205 *Subsection (2)* ensures that four years of rent reductions apply to a tenant whether or not the initial provider and transferee have corresponding relevant years and that when rent reductions are calculated rent paid to the transferor must be taken into account.

206 *Subsections (3) and (4)* provide that if the former registered provider had an exemption in place, by virtue of a direction under section 25, paragraph 6 of Schedule 2, or regulations under section 27, then this continues in relation to the new provider until the end of the relevant year or, if earlier, when that tenancy comes to an end.

## Section 30: Enforcement

207 The section makes consequential amendments to Part 2 of the Housing and Regeneration Act 2008, to ensure that, if appropriate, the Regulator may take enforcement action in relation to breaches of the requirements of section 23, part 1 of Schedule 2 or regulations made under section 27.

## Section 31: Transitional provision

208 This section prevents extended impact on registered providers that have tenancy agreements in place that provide for rent reviews on fixed dates. It therefore enables, by virtue of *subsection (2)*, but does not require, providers to bring forward rent reviews more quickly after the end of the rent restrictions, and *subsections (3) to (6)* enable a provider with rent reviews that are approximately annual to bring forward all subsequent rent reviews. *Subsection (8)* sets out that the registered provider and the tenant may vary or exclude by agreement a term implied by this section.

## Section 32: Rent standards

209 The section makes the powers of the Regulator of Social Housing to issue rent standards, under Sections 194(2A) and 198(3) of the Housing and Regeneration Act 2008, subject to the provisions in the Act about rent levels.

## Section 33: Interpretation

210 The section makes provision about terms used in the social housing rents provisions. In particular, *subsections (3) and (4)* make provision clarifying when a tenancy begins and how a tenancy is to be treated as continuing, or as coming to an end, and *subsection (6)* provides for a regulation-making power which may specify cases where a reference to an amount of rent includes, or does not include, service charge.

## Schedule 1: Meaning of “the relevant sums” and “the relevant amounts”

211 Schedule 1, paragraph 1, sets out the relevant sums for the purposes of Section 11 (freeze of certain social security benefits for four tax years). These are:

- a. the personal allowances for a person or couple used in the calculation of income support;
- b. the personal allowances for a person or couple used in the calculation of housing benefit;
- c. the work-related activity component of housing benefit;
- d. the age-related amount for contribution-based jobseeker’s allowance which is relevant for calculating the claimant’s personal rate;
- e. the personal allowances for a person or couple used in the calculation of income-related jobseeker’s allowance;
- f. the contributory allowance of employment and support allowance;
- g. the work-related activity component of contributory employment and support allowance;
- h. the prescribed amounts for income-related employment and support allowance;
- i. the work-related activity component of income-related employment and support allowance;
- j. the standard allowance for a single or a joint claimant of universal credit;
- k. the additional amount of universal credit for a disabled child or qualifying young person (but only the smaller or smallest of sums specified); and
- l. the limited capability for work element of universal credit.

212 Schedule 1, paragraph 2, sets out the relevant amounts for the purposes of section 12 (freeze of certain tax credit amounts for four tax years). These are:

- a. the individual element of child tax credit payable in respect of a non-disabled child or qualifying young person; and
- b. the basic, 30 hour, second adult and lone parent elements of working tax credit.

## Schedule 2: Further provision about social housing rents

213 Schedule 2 makes provision for the rent initially payable by tenants of social housing where a new tenant begins a tenancy after the beginning of 8 July 2015. Part 1 of Schedule 2 sets out different principles which are applicable to new and existing social rent housing and Affordable Rent housing.

214 Paragraph 1 of Part 1 sets out the rules applicable in the case of existing social rent housing (that is not affordable rent housing). The initial rent payable by that tenant must be no more than the higher of the ‘social rent’ rate, or the ‘assumed rent’ rate, on a pro-rata basis.

215 Paragraph 2 of Part 1 sets out the rules applicable in the case of new social housing (that is not affordable rent housing). The rent payable by that tenant is the social rent rate, on a pro-rata basis.

216 Paragraph 3 of Part 1 sets out the rules applicable in the case of affordable rent housing. The rent payable by that tenant must be initially set at no more than 80% of the market rate for that social housing or the social rent rate if it is higher, with the 1% reductions then applied in each of the following years. The market rent is to be based on the valuation methods recognised by the Royal Institute of Chartered Surveyors.

217 Paragraph 4 enables the Secretary of State to make provision for identifying accommodation that may be let as social housing at an affordable rent, for example, where there are agreements or arrangements with the Homes and Communities Agency, the Greater London Authority, and the Secretary of State.

218 Part 2 of Schedule 2 sets out exceptions (paragraph 5) and exemptions (paragraph 6). Provision for exceptions and exemptions mirror the conditions in sections 24 and 25 of the Act.

219 Part 3 of Schedule 2 sets out the general provisions. Paragraph 7 provides that regulations under the Schedule must be by statutory instrument subject to the negative procedure. Paragraph 8 gives the Secretary of State power to issue guidance relating to the determination of assumed rent. Paragraph 9 sets out the meaning of 'the relevant day'.

## Commencement

220 Section 36 sets out provision for commence of the Act's provisions. The following come into force at the end of the period of two months beginning on the day the Act was passed:

- a. the statutory duty to report on full employment;
- b. the statutory duty to report on apprenticeships;
- c. the statutory duty to publish data on children in low-income households;
- d. the duty to report on children in workless households and educational attainment;
- e. the other amendments to the Child Poverty Act 2010; and

221 The following came into force on the day the Act was passed:

- a. the freeze of certain social security benefits and certain tax credit amounts;
- b. section 9(6) and (7) (current provisions that require an annual review of the benefit cap);
- c. provision enabling the Secretary of State to issue consents to the use by a registered provider of a different day "the permitted review day" as the basis for determining rents under section 23 and paragraph 1(5)(a)(ii)-(iv) of Schedule 2 (section 23(3) and (4) and paragraph 9 of Schedule 2);
- d. provision about exemptions for registered social landlords - section 25 and paragraph 6 of Schedule 2; and

various regulation making powers in relation to the benefit cap, changes to child tax credit and the social rent provisions.

222 The changes to tax credits will come into force on 6 April 2017 but for regulation making purposes on the day the Act was passed.

223 The other sections will come into force on dates appointed by the Secretary of State in regulations made by statutory instrument.

## Related documents

224 The following documents are relevant to the Act and can be read at the stated locations:

- Financial Framework for the expanded Troubled Families programme: April 2015 onwards  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/409682/Financial Framework for the Expanded Troubled Families Programme april 2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/409682/Financial_Framework_for_the_Expanded_Troubled_Families_Programme_april_2015.pdf)
- Delegated powers memorandum  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/444371/welfare-reform-and-work-bill-2015-delegated-powers-july-2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/444371/welfare-reform-and-work-bill-2015-delegated-powers-july-2015.pdf)

## Annex A - Territorial extent and application

Provision	England	Wales		Scotland		Northern Ireland	
	Extends to E & W and applies to England?	Extends to E & W and applies to Wales?	Legislative Consent Motion required?	Extends to Scotland?	Legislative Consent Motion required?	Extends to Northern Ireland?	Legislative Consent Motion required?
1 Full employment reporting obligation	Yes	Yes	No	Yes	No	Yes	No
2 Apprenticeships reporting obligation	Yes	No	No	No	No	No	No
3 Support for troubled families reporting obligation	Yes	No	No	No	No	No	No
4 Data on children in low income households	Yes	Yes	No	Yes	No	Yes	No
5 Workless households and educational attainment: reporting obligations	Yes	No	No	No	No	No	No
6 Social mobility commission	Yes	Yes - in part	Yes - in part	Yes - in part	Yes - in part	Yes	No
7 Other amendments to Child Poverty Act	Yes	Yes - in part	Yes - in part	Yes - in part	Yes - in part	Yes - in part	No
8-10 Benefit cap	Yes	Yes	No	Yes	No	No	No
11 Freeze of certain social security benefits for four tax years and	Yes	Yes	No	Yes	No	No - social security benefits Yes - Child Benefit	No

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Schedule 1							
12 Freeze of certain tax credit amounts for four tax years and Schedule 1	Yes	Yes	No	Yes	No	Yes	No
13 Changes to child tax credit	Yes	Yes	No	Yes	No	Yes	No
14 Changes to child element of universal credit	Yes	Yes	No	Yes	No	No	No
15 Employment and support allowance: work-related activity component	Yes	Yes	No	Yes	No	No	No
16 Universal credit: limited capability for work element	Yes	Yes	No	Yes	No	No	No
17 Universal credit: work-related requirements	Yes	Yes	No	Yes	No	No	No
18-21 Loans for mortgage interest	Yes	Yes	No	Yes	No	No	No
22 Motability administrative costs	Yes	Yes	No	Yes	No	No	No
23-33 Social housing rents and Schedule 2	Yes	No	No	No	No	No	No

## Annex B – Hansard References

225 The following table sets out the dates and Hansard references for each stage of the Act's passage through Parliament.

Stage	Date	Hansard Reference
House of Commons		
Introduction	9 July 2015	Vol. [598] No. [31] Col. [469]
Second Reading	20 July 2015	Vol. [598] No. [36] Col. [1256]
Public Bill Committee (1st Sitting)	10 September 2015	PBC [Bill 051] Col. [3]
Public Bill Committee (2nd Sitting)	10 September 2015	PBC [Bill 051] Col. [29]
Public Bill Committee (3rd Sitting)	15 September 2015	PBC [Bill 051] Col. [85]
Public Bill Committee (4th Sitting)	15 September 2015	PBC [Bill 051] Col. [129]
Public Bill Committee (5th Sitting)	17 September 2015	PBC [Bill 051] Col. [183]
Public Bill Committee (6th Sitting)	17 September 2015	PBC [Bill 051] Col. [213]
Public Bill Committee (7th Sitting)	13 October 2015	PBC [Bill 051] Col. [277]
Public Bill Committee (8th Sitting)	13 October 2015	PBC [Bill 051] Col. [311]
Public Bill Committee (9th Sitting)	15 October 2015	PBC [Bill 051] Col. [367]
Public Bill Committee (10th Sitting)	15 October 2015	PBC [Bill 051] Col. [395]
Public Bill Committee (11th Sitting)	20 October 2015	PBC [Bill 051] Col. [443]
Report	27 October 2015	Vol. [601] No. [58] Col. [207]
Third Reading	27 October 2015	Vol. [601] No. [58] Col. [302]
House of Lords		
Introduction	28 October 2015	Vol. [765] No. [58] Col. [1272]
Second Reading	17 November 2015	Vol. [767] No. [67] Col. [28]
Committee (1st Sitting)	7 December 2015	Vol. [767] No [79] Col. [1317]
Committee (2nd Sitting)	9 December 2015	Vol. [767] No. [81] Col. [1568]
Committee (3rd Sitting)	14 December 2015	Vol. [767] No. [84] Col. [1868]
Committee (4th Sitting)	21 December 2015	Vol. [767] No. [88] Col. [2316]
Committee (5th Sitting)	12 January 2016	Vol. [768] No. [91] Col. [202]
Report (1st Sitting)	25 January 2016	Vol. [768] No. [98] Col. [1029]
Report (2nd Sitting)	27 January 2016	Vol. [768] No. [100] Col. [1283]
Third Reading	9 February 2016	Vol. [768] No. [108] Col. [2121]
Commons Consideration of Lords Amendments	23 February 2016	Vol. [606] No. [118] Col. [190]
Lords Consideration of Commons Reasons and Amendment	29 February 2016	Vol. [769] No. [116] Col. [583]

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Commons Consideration of Lords message	2 March 2016	Vol. [606] No. [124] Col. [1043]
Lords Consideration of Commons Reasons	7 March 2016	Vol. [769] No. [120] Col. [1068]
Royal Assent	16 March 2016	House of Commons Vol. [607] No. [134] Col. [986]
	16 March 2016	House of Lords Vol. [769] No. [127] Col. [1843]

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## Annex C – Progress of Bill Table

226 This Annex shows how each section and Schedule of the Act was numbered during the passage of the Bill through Parliament.

Section of the Act	Bill as introduced in the Commons	Bill as amended in Committee in the Commons	Bill as introduced in the Lords	Bill amended in Committee in the Lords	Bill as amended at Report in the Lords
Section 1	Clause 1	Clause 1	Clause 1	Clause 1	Clause 1
Section 2	Clause 2	Clause 2	Clause 2	Clause 2	Clause 2
Section 3	Clause 3	Clause 3	Clause 3	Clause 3	Clause 3
Section 4					Clause 4
Section 5	Clause 4	Clause 4	Clause 4	Clause 4	Clause 5
Section 6	Clause 5	Clause 5	Clause 5	Clause 5	Clause 6
Section 7	Clause 6	Clause 6	Clause 6	Clause 6	Clause 7
Section 8	Clause 7	Clause 7	Clause 7	Clause 7	Clause 8
Section 9	Clause 8	Clause 8	Clause 8	Clause 8	Clause 9
Section 10					
Section 11	Clause 9	Clause 9	Clause 9	Clause 9	Clause 10
Section 12	Clause 10	Clause 10	Clause 10	Clause 10	Clause 11
Section 13	Clause 11	Clause 11	Clause 11	Clause 11	Clause 12
Section 14	Clause 12	Clause 12	Clause 12	Clause 12	Clause 13
Section 15	Clause 13	Clause 13	Clause 13	Clause 13	
Section 16	Clause 14	Clause 14	Clause 14	Clause 14	
Section 17	Clause 15	Clause 15	Clause 15	Clause 15	Clause 14
Section 18	Clause 16	Clause 16	Clause 16	Clause 16	Clause 15
Section 19	Clause 17	Clause 17	Clause 17	Clause 17	Clause 16
Section 20	Clause 18	Clause 18	Clause 18	Clause 18	Clause 17
Section 21		Clause 19	Clause 19	Clause 19	Clause 18
Section 22		Clause 20	Clause 20	Clause 20	Clause 19
Section 23	Clause 19	Clause 21	Clause 21	Clause 21	Clause 20
Section 24	Clause 20	Clause 22	Clause 22	Clause 22	Clause 21
Section 25	Clause 21	Clause 23	Clause 23	Clause 23	Clause 22
Section 26		Clause 25	Clause 25	Clause 25	Clause 23
Section 27		Clause 26	Clause 26	Clause 26	Clause 24
Section 28				Clause 27	Clause 25
Section 29				Clause 28	Clause 26
Section 30	Clause 22	Clause 24	Clause 24	Clause 24	Clause 27

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Section 31				Clause 29	Clause 28
Section 32		Clause 27	Clause 27	Clause 30	Clause 29
Section 33		Clause 28	Clause 28	Clause 31	Clause 30
Section 34	Clause 23	Clause 29	Clause 29	Clause 32	Clause 31
Section 35	Clause 24	Clause 30	Clause 30	Clause 33	Clause 32
Section 36	Clause 25	Clause 31	Clause 31	Clause 34	Clause 33
Section 37	Clause 26	Clause 32	Clause 32	Clause 35	Clause 34
Schedule 1					
Schedule 2		Schedule 2	Schedule 2	Schedule 2	Schedule 2

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