



# Welfare Reform and Work Act 2016

## 2016 CHAPTER 7

### *Welfare benefits*

#### **8 Benefit cap**

- (1) Section 96 of the Welfare Reform Act 2012 (benefit cap) is amended as follows.
- (2) For subsection (5) (meaning of the “relevant amount”) substitute—
  - “(5) Regulations under this section may make provision for determining the “relevant amount” for the reference period applicable in the case of a single person or couple by reference to the annual limit applicable in the case of that single person or couple.
- (5A) For the purposes of this section the “annual limit” is—
  - (a) £23,000 or £15,410, for persons resident in Greater London;
  - (b) £20,000 or £13,400, for other persons.
- (5B) Regulations under subsection (5) may—
  - (a) specify which annual limit applies in the case of—
    - (i) different prescribed descriptions of single person;
    - (ii) different prescribed descriptions of couple;
  - (b) define “resident” for the purposes of this section;
  - (c) provide for the rounding up or down of an amount produced by dividing the amount of the annual limit by the number of periods of a duration equal to the reference period in a year.”
- (3) Subsections (6) to (8) (provision about estimated average earnings) are omitted.
- (4) In subsection (10), in the definition of “welfare benefit”, for the words from “means” to the end substitute “means—
  - (a) bereavement allowance (see section 39B of the Social Security Contributions and Benefits Act 1992),

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- (b) child benefit (see section 141 of the Social Security Contributions and Benefits Act 1992),
  - (c) child tax credit (see section 1(1)(a) of the Tax Credits Act 2002),
  - (d) employment and support allowance (see section 1 of the Welfare Reform Act 2007), including income-related employment and support allowance (as defined in section 1(7) of the Welfare Reform Act 2007),
  - (e) housing benefit (see section 130 of the Social Security Contributions and Benefits Act 1992),
  - (f) incapacity benefit (see section 30A of the Social Security Contributions and Benefits Act 1992),
  - (g) income support (see section 124 of the Social Security Contributions and Benefits Act 1992),
  - (h) jobseeker's allowance (see section 1 of the Jobseekers Act 1995), including income-based jobseeker's allowance (as defined in section 1(4) of the Jobseekers Act 1995),
  - (i) maternity allowance under section 35 or 35B of the Social Security Contributions and Benefits Act 1992,
  - (j) severe disablement allowance (see section 68 of the Social Security Contributions and Benefits Act 1992),
  - (k) universal credit,
  - (l) widow's pension (see section 38 of the Social Security Contributions and Benefits Act 1992),
  - (m) widowed mother's allowance (see section 37 of the Social Security Contributions and Benefits Act 1992), or
  - (n) widowed parent's allowance (see section 39A of the Social Security Contributions and Benefits Act 1992)."
- (5) Subsection (11) (benefits that regulations may not prescribe as welfare benefits) is omitted.
- (6) In section 97 of the Welfare Reform Act 2012 (benefit cap: supplementary)—
- (a) subsection (3) (procedure for first regulations under section 96) is omitted;
  - (b) in subsection (4), omit "other".
- (7) Paragraph 52 of Schedule 12 to the Pensions Act 2014 is omitted.
- (8) Regulations made by the Secretary of State may make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of subsections (1) to (6).
- (9) Regulations under subsection (8) may in particular—
- (a) provide for section 96 to have effect as if the amendments made by subsections (2) to (5) and (7) had not been made, in relation to such persons or descriptions of persons as are specified in the regulations or generally, until a time or times specified in a notice issued by the Secretary of State;

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- (b) provide for the Secretary of State to issue notices under paragraph (a) specifying different times for different persons or descriptions of person;
  - (c) make provision about the issuing of notices under paragraph (a), including provision for the Secretary of State to issue notices to authorities administering housing benefit that have effect in relation to persons specified, or persons of a description specified, in the notices.
- (10) Section 176 of the Social Security Administration Act 1992 (consultation with representative organisations) does not apply in relation to regulations under subsection (8).
- (11) Regulations under subsection (8) must be made by statutory instrument.
- (12) A statutory instrument containing regulations under subsection (8) is subject to annulment in pursuance of a resolution of either House of Parliament.

#### Commencement Information

**II** [S. 8](#) in force for specified purposes at Royal Assent, see [s. 36\(3\)](#)

## 9 Review of benefit cap

(1) After section 96 of the Welfare Reform Act 2012 insert—

### “96A Benefit cap: review

- (1) The Secretary of State must at least once in each Parliament review the sums specified in section 96(5A) to determine whether it is appropriate to increase or decrease any one or more of those sums.
- (2) The Secretary of State may, at any other time the Secretary of State considers appropriate, review the sums specified in section 96(5A) to determine whether it is appropriate to increase or decrease any one or more of those sums.
- (3) In carrying out a review, the Secretary of State must take into account—
  - (a) the national economic situation, and
  - (b) any other matters that the Secretary of State considers relevant.
- (4) After carrying out a review, the Secretary of State may, if the Secretary of State considers it appropriate, by regulations amend section 96(5A) so as to increase or decrease any one or more of the sums specified in section 96(5A).
- (5) Regulations under subsection (4) may provide for amendments of section 96(5A) to come into force—
  - (a) on different days for different areas;
  - (b) on different days for different cases or purposes.
- (6) Regulations under subsection (4) may make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of any amendment made by regulations under subsection (4).
- (7) Regulations under subsection (6) may in particular—

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- (a) provide for section 96(5A) to have effect as if the amendments made by regulations under subsection (4) had not been made, in relation to such persons or descriptions of persons as are specified in the regulations or generally, until a time or times specified in a notice issued by the Secretary of State;
  - (b) provide for the Secretary of State to issue notices under paragraph (a) specifying different times for different persons or descriptions of person;
  - (c) make provision about the issuing of notices under paragraph (a), including provision for the Secretary of State to issue notices to authorities administering housing benefit that have effect in relation to persons specified, or persons of a description specified, in the notices.
- (8) Section 176 of the Social Security Administration Act 1992 (consultation with representative organisations) does not apply in relation to regulations under subsection (4).
- (9) If an early parliamentary general election is to take place in accordance with section 2 of the Fixed-term Parliaments Act 2011, the duty in subsection (1) is to be disregarded.”
- (2) Section 97 of the Welfare Reform Act 2012 (benefit cap: supplementary) is amended as follows.
- (3) In subsection (1), after “96” insert “ or 96A ”.
- (4) In subsection (2), after “96” insert “ or 96A ”.
- (5) After subsection (4) insert—
- “(4A) A statutory instrument containing regulations under section 96A may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.”
- (6) Subsection (5) is omitted.
- (7) In section 150 of the Social Security Administration Act 1992 (annual up-rating of benefits), subsection (7A) (review of the benefit cap) is omitted.

#### Commencement Information

- I2** [S. 9\(1\)-\(5\)](#) in force for specified purposes at Royal Assent and [s. 9\(6\)\(7\)](#) in force at Royal Assent, see [s. 36\(1\)\(a\)\(3\)](#)

VALID FROM 09/06/2016

#### 10 Benefit cap: Social Security Advisory Committee

- (1) In section 170 of the Social Security Administration Act 1992 (Social Security Advisory Committee), in subsection (5)—
- (a) in the definition of “the relevant enactments”, after paragraph (al) insert—  
“(ala) sections 96 to 97 of that Act;”;

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(b) in the definition of “the relevant Northern Ireland enactments”, after paragraph (al) insert—

“(ala) any provisions in Northern Ireland which correspond to sections 96 to 97 of that Act;”.

(2) In Schedule 7 to the Social Security Administration Act 1992 (regulations not requiring prior submission), in Part 1 (Social Security Advisory Committee), after paragraph 3 insert—

**“Benefit cap**

3A Regulations under section 96A of the Welfare Reform Act 2012.”

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

- (1) For each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the amount of each of the relevant sums is to remain the same as it was in the tax year ending with 5 April 2016.
- (2) For each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, the rates of child benefit are to remain the same as they were in the tax year ending with 5 April 2016.
- (3) A review under section 150(1) of the Social Security Administration Act 1992 (review of whether certain benefits have retained their value) in the tax years ending with 5 April 2016, 5 April 2017, 5 April 2018 and 5 April 2019 need not cover any of the relevant sums or the rates of child benefit.
- (4) A draft up-rating order which is laid before Parliament under section 150(2) of that Act in the tax years ending with 5 April 2016, 5 April 2017, 5 April 2018 and 5 April 2019 need not cover any of the relevant sums or the rates of child benefit.
- (5) In each of the tax years ending with 5 April 2016, 5 April 2017, 5 April 2018 and 5 April 2019, the Secretary of State must lay before Parliament a copy of a report by the Government Actuary or the Deputy Government Actuary giving that Actuary's opinion on the likely effect of the provision in subsection (1) on the National Insurance Fund in the following tax year, so far as that provision relates to any sums payable out of the Fund.
- (6) In this section—

“child benefit”—

  - (a) in relation to England and Wales and Scotland, has the same meaning as in Part 9 of the Social Security Contributions and Benefits Act 1992;
  - (b) in relation to Northern Ireland, has the same meaning as in Part 9 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992;

“the relevant sums” means the sums described in paragraph 1 of Schedule 1;

“tax year” means a period beginning with 6 April in one year and ending with 5 April in the next.

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## **12 Freeze of certain tax credit amounts for four tax years**

- (1) For each of the tax years ending with 5 April 2017, 5 April 2018, 5 April 2019 and 5 April 2020, each of the relevant amounts is to remain the same as it was in the tax year ending with 5 April 2016.
- (2) A review under section 41 of the Tax Credits Act 2002 (review of whether certain tax credit amounts have retained their value) in the tax years ending with 5 April 2016, 5 April 2017, 5 April 2018 and 5 April 2019 need not cover any of the relevant amounts.
- (3) In this section—
  - “the relevant amounts” means the amounts described in paragraph 2 of Schedule 1;
  - “tax year” means a period beginning with 6 April in one year and ending with 5 April in the next.

## **13 Changes to child tax credit**

- (1) Section 9 of the Tax Credits Act 2002 (maximum rate of child tax credit) is amended as follows.
- (2) In subsection (2)—
  - (a) in paragraph (a), for “all persons entitled to child tax credit, and” substitute “every person or persons entitled to child tax credit who is, or either or both of whom is or are, responsible for a child or qualifying young person who was born before 6 April 2017, ”;
  - (b) at the end insert “, and
  - (c) an element which is to be included in the case of a child or qualifying young person who is disabled or severely disabled.”
- (3) In subsection (3), at the end insert “ and that specified in paragraph (c) of that subsection is to be known as the disability element of child tax credit ”.
- (4) After subsection (3) insert—
  - “(3A) Subsection (3B) applies in the case of a person or persons entitled to child tax credit where the person is, or either or both of them is or are, responsible for a child or qualifying young person born on or after 6 April 2017.
  - (3B) The prescribed manner of determination in relation to the person or persons must not include an individual element of child tax credit in respect of the child or qualifying young person unless—
    - (a) he is (or they are) claiming the individual element of child tax credit for no more than one other child or qualifying young person, or
    - (b) a prescribed exception applies.”
- (5) In subsection (5), for paragraph (c) substitute—
  - “(c) may include provision for the amount of the disability element of child tax credit to vary according to whether the child or qualifying young person is disabled or severely disabled.”

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## Commencement Information

**I3** S. 13 in force at Royal Assent for specified purposes and at 6.4.2017 otherwise, see s. 36(4)

VALID FROM 08/02/2017

## 14 Changes to child element of universal credit

- (1) Section 10 of the Welfare Reform Act 2012 (responsibility for children and young persons) is amended as set out in subsections (2) to (4).
- (2) After subsection (1) insert—

“(1A) But the amount mentioned in subsection (1) is to be available in respect of a maximum of two persons who are either children or qualifying young persons for whom a claimant is responsible.”
- (3) In subsection (2)—
  - (a) for “if such a” substitute “ for each ”;
  - (b) after “person” insert “ for whom a claimant is responsible who ”.
- (4) In subsection (4), at the end insert “ or (1A) ”.
- (5) In the Universal Credit Regulations 2013 (S.I. 2013/376)—
  - (a) in regulation 24(1) (the child element), after “responsible” insert “ and in respect of whom an amount may be included under section 10 ”;
  - (b) in regulation 36 (table showing amount of elements), in the table—
    - (i) omit the row under “Child element” showing the amount for first child or qualifying young person;
    - (ii) in the row under “Child element” showing the amount for second and each subsequent child or qualifying young person, for “second and each subsequent” substitute “ each ”.
- (6) The Secretary of State may by regulations make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of this section.
- (7) Regulations under subsection (6) must be made by statutory instrument.
- (8) A statutory instrument containing regulations under subsection (6) is subject to annulment in pursuance of a resolution of either House of Parliament.

VALID FROM 08/02/2017

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

- (1) Part 1 of the Welfare Reform Act 2007 (employment and support allowance) is amended as follows.
- (2) In section 2 (amount of contributory allowance)—

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- (a) in subsection (1)(b), omit “or the work-related activity component”;
  - (b) omit subsection (3);
  - (c) in subsection (4), in each of paragraphs (a), (b) and (c), omit “or (3)”.
- (3) In section 4 (amount of income-related allowance) (so far as it remains in force)—
- (a) in subsection (2)(b), omit “or the work-related activity component”;
  - (b) omit subsection (5);
  - (c) in subsection (6), in each of paragraphs (a), (b) and (c), omit “or (5)”.
- (4) The Secretary of State may by regulations make such transitional or transitory provision or savings as the Secretary of State considers necessary or expedient in connection with the coming into force of subsections (1) to (3).
- (5) Regulations under subsection (4) may in particular make provision about including a work-related activity component in an award of employment and support allowance that is converted under paragraph 7 of Schedule 4 to the Welfare Reform Act 2007 from an award of incapacity benefit, severe disablement allowance or income support after the coming into force of subsections (1) to (3).
- (6) Regulations under this section must be made by statutory instrument.
- (7) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

VALID FROM 03/04/2017

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

In section 12(2) of the Welfare Reform Act 2012 (universal credit: particular needs or circumstances), omit paragraph (a).

VALID FROM 03/04/2017

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

- (1) In Chapter 2 of Part 1 of the Welfare Reform Act 2012 (claimant responsibilities)—
- (a) in section 20(1)(a) (claimants subject to work-focused interview requirement only), for the words from “at least 1” to “3)” substitute “ 1 ”;
  - (b) in section 21(1) (claimants subject to work preparation requirement), after paragraph (a) (but before the “or” immediately after it) insert—
    - “(aa) the claimant is the responsible carer for a child who is aged 2,”;
  - (c) omit section 21(5) (claimants of prescribed description to include responsible carers of children aged 3 or 4).
- (2) In the Universal Credit Regulations 2013 (S.I. 2013/376)—
- (a) in regulation 91 (claimants subject to work-focused interview requirement only), omit paragraph (1);



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| (b) regulation 91A (claimants subject to work preparation requirement) is revoked. |
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