

WELFARE REFORM ACT 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 5: Social security: General

Section 101: Payments on account

492. *Section 101* substitutes section 5(1)(r) of the SSAA 1992, which makes provision for payments on account of benefit.
493. In its current form, section 5(1)(r) allows the Secretary of State to make payments on account on a discretionary basis in cases where a claim cannot be made or determined immediately (because further information is needed, for example); where a claim has been made and it is impracticable for the claim or an appeal, reference, review or application on it to be determined immediately; or where an award has been made but it cannot be paid immediately (when a national or local emergency prevents claims being handled normally, for example). New *section 5(1)(r)(i)* maintains this position. Payments on account are recovered from ongoing payments of benefit, or where this is not possible, directly from the claimant.
494. The substitution will allow for a payment on account to be made in additional circumstances. New *section 5(1)(r)(ii)* provides for a payment to be made where a claimant is in need – examples of how it might be applied include where benefit has been claimed, but the first payday has not yet been reached, or where a claimant is receiving benefit, but encounters difficulty in budgeting between benefit payments for example, where there is a change in their award. Regulations will make provision for the test of need.
495. New *section 5(1)(r)(iii)* will enable the Secretary of State to make a payment on account where, subject to criteria set out in regulations, it can reasonably be expected to be recovered. These recoverable payments are intended to help towards meeting expenses which are difficult to budget for out of normal benefit income (such as a fridge or cooker breaking down and needing fixing or replacing), or for which the claimant has been unable to save, or to deal with fluctuations in expenditure throughout the year, for example where children in the household who would normally have free school meals are on summer holidays. Such payments will replace the existing social fund budgeting loans – see *section 70*.
496. Section 22 of the WRA 2009 has not been commenced. Had it been, it would have extended the range of situations in which a payment on account could be made beyond existing section 5(1)(r) of the SSAA 1992. It would have extended making payments on account to situations similar to those that will be covered by new section 5(1)(r)(ii). As section 22 would not have provided for payments on account in those situations that will be covered by new section 5(1)(r)(iii), *subsection (2)* repeals it.