Welfare Reform and Work Bill

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by the Department for Work and Pensions, are published separately as Bill 51—EN.

EUROPEAN CONVENTION ON HUMAN RIGHTS

Secretary Iain Duncan Smith has made the following statement under section 19(1)(a) of the Human Rights Act 1998:

In my view the provisions of the Welfare Reform and Work Bill are compatible with the Convention rights.
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A BILL

TO

Make provision about reports on progress towards full employment and the apprenticeships target; to make provision about reports on the effect of certain support for troubled families; to make provision about social mobility; to make provision about the benefit cap; to make provision about social security and tax credits; to make provision for loans for mortgage interest; and to make provision about social housing rents.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Reports

1 Full employment: reporting obligation

(1) The Secretary of State must lay a report before Parliament annually on the progress which has been made towards full employment, and the report must set out how the Secretary of State has interpreted “full employment” for these purposes.

(2) This section is repealed on the date of the first dissolution of Parliament after this section comes into force.

2 Apprenticeships reporting obligation

(1) In Chapter A1 of Part 1 of the Apprenticeships, Skills, Children and Learning Act 2009 (apprenticeships: England), after section A7 insert—

“A8 Progress reports

(1) No later than nine months after the end of each reporting period the Secretary of State must publish—

(a) information about the progress made in the reporting period towards the apprenticeships target, and

(b) any other information about apprenticeships that the Secretary of State considers appropriate,
and must lay before Parliament a report setting out the information or indicating how it may be accessed.

(2) “The apprenticeships target” is that three million apprenticeships are entered into in England during the period beginning with 1 May 2015 and ending with 31 March 2020.

(3) The reporting periods are—
(a) the period beginning with 1 May 2015 and ending with 31 July 2016;
(b) the period beginning with 1 August 2016 and ending with 31 July 2017;
(c) the period beginning with 1 August 2017 and ending with 31 July 2018;
(d) the period beginning with 1 August 2018 and ending with 31 July 2019;
(e) the period beginning with 1 August 2019 and ending with 31 March 2020.

(4) In this section “apprenticeships” means—
(a) approved English apprenticeships;
(b) apprenticeship agreements within the meaning given in section 32;
(c) arrangements to undertake any other kind of working—
(i) in relation to which alternative English completion conditions apply under section 1(5), and
(ii) in connection with which training is to be provided in accordance with an apprenticeship framework within the meaning given in section 12.

A reference to a section in paragraph (b) or (c) is to the section as it applies in relation to England by virtue of provision made under section 115(9) of the Deregulation Act 2015.”

(2) The duty under the section inserted by subsection (1) to publish information relating to the reporting period ending with 31 July 2016 may be discharged, wholly or partly, by the publication of information before the day on which this section comes into force.

(3) Section A8 of Apprenticeships, Skills, Children and Learning Act 2009, and this section, are repealed on 31 March 2021.

3 Support for troubled families: reporting obligation

(1) Before the start of each financial year, the Secretary of State must issue a notice—
(a) specifying the descriptions of relevant households as regards which support provided by a local authority may constitute relevant support;
(b) specifying the matters by reference to which the progress made by a household that receives relevant support from a local authority in that year will be measured.

(2) The ways in which relevant households may be described under subsection (1)(a) include describing relevant households by reference to problems that they have.
(3) In each financial year, the Secretary of State must prepare a report about the progress made by relevant households to which local authorities have provided relevant support.

(4) A report prepared under this section may include material about progress made by relevant households to which local authorities have provided support similar to relevant support in periods falling before the coming into force of this section.

(5) A report prepared under this section may compare the progress made by such relevant households as are described in subsection (3) or (4) relative to other households in England.

(6) The Secretary of State must lay before Parliament a report prepared under this section.

(7) A report prepared under this section must be laid before Parliament before the end of the financial year in which it is prepared.

(8) For the purposes of this section, support provided by a local authority in a financial year is relevant support if—
   (a) it is provided to a relevant household of a description specified under subsection (1)(a) in respect of that financial year,
   (b) it is directed towards achieving progress in respect of the matters specified under subsection (1)(b) in respect of that financial year, and
   (c) the Secretary of State pays a grant to the local authority under section 31 of the Local Government Act 2003 in respect of expenditure incurred or to be incurred on that support.

(9) In this section—
   (a) a reference to support provided to a household includes a reference to support provided to a member of a household;
   (b) a reference to support provided by a local authority includes a reference to support provided under arrangements made by the local authority.

(10) In this section—
   “child” means—
   (a) a person who has not attained the age of 16;
   (b) a person who is 16, 17 or 18 and is in full-time education;
   (c) a person who is 16, 17 or 18, is not in employment or full-time education and is a member of the same household as the person’s parent;
   (d) a person who has attained the age of 16 but not the age of 25 and for whom an EHC plan is maintained under section 37 of the Children and Families Act 2014 or a statement of special educational needs is maintained under section 324 of the Education Act 1996;

   “education” includes training;

   “financial year” means—
   (a) a period starting with the day on which this section comes into force and ending with the following 31 March;
   (b) except where paragraph (a) applies, a period of 12 months ending with 31 March;

   “household” means a group of two or more persons who—
   (a) have the same only or main residence, and
(b) share living accommodation or one meal each day;

“local authority” means—
(a) a county council in England;
(b) a district council for an area in England for which there is no county council;
(c) a London borough council;
(d) the Common Council of the City of London, in its capacity as a local authority;
(e) the Council of the Isles of Scilly;

“parent”, in relation to a person, includes an individual—
(a) who is not a parent of the person but does have parental responsibility for the person, or
(b) who has care of the person;

“relevant household” means a household that includes—
(a) a child, and
(b) a person who is that child’s parent.

(11) In relation to the first financial year in which this section is in force—
(a) the requirement in subsection (1) to issue a notice before the beginning of a financial year is to be treated as a requirement to issue a notice after this section comes into force;
(b) the requirement in subsection (3) may be satisfied by a report that includes only such material as is described in subsection (4).

Social mobility

4 Workless households and educational attainment: reporting obligations

(1) In the Child Poverty Act 2010, before section 1 insert—

“PART A1
LIFE CHANCES

Children: reporting obligations

A1A Workless households and educational attainment

(1) The Secretary of State must publish and lay before Parliament a report containing data on—
(a) children living in workless households in England;
(b) children living in long-term workless households in England;
(c) the educational attainment of children in England at the end of Key Stage 4;
(d) the educational attainment of disadvantaged children in England at the end of Key Stage 4.

(2) The report must set out how the Secretary of State has interpreted the following terms for the purposes of the report—
(a) child;
(b) household;
(c) worklessness;
(d) long-term worklessness;
(e) educational attainment;
(f) disadvantage.

(3) The data contained in the report, and the provision about how the terms used in it are to be interpreted, must, so far as practicable, be derived from any relevant official statistics.

(4) The first report must be published before the end of the financial year ending with 31 March 2017.

(5) Later reports must be published before the end of each subsequent financial year.

(6) In this section—

“Key Stage 4” means the fourth key stage, within the meaning of Part 6 of the Education Act 2002;
“official statistics” has the meaning given by section 6(1) of the Statistics and Registration Service Act 2007.”

5 Social Mobility Commission

(1) After section A1A of the Child Poverty Act 2010 (inserted by section 4) insert—

“Social Mobility Commission

“A1B Social Mobility Commission

(1) The body established by section 8 of this Act continues in existence.

(2) On and after the commencement date the body is to be called the Social Mobility Commission (in this Act referred to as “the Commission”).

(3) “The commencement date” is the date on which the Welfare Reform and Work Act 2015 is passed.

(4) The Commission’s functions are those conferred on it by or under this Act.

(5) Schedule 1 contains further provision about the Commission.

A1C Promotion of social mobility, advice and reports


(2) The Commission must on request give advice to a Minister of the Crown about how to improve social mobility in England.

(3) Advice given under subsection (2) must be published.

(4) The Commission must publish a report setting out its views on the progress made towards improving social mobility in the United Kingdom.

(5) The report must also describe—

(a) the measures taken by the Scottish Ministers in accordance with a Scottish strategy,
(b) the measures taken by the Welsh Ministers in accordance with a Welsh strategy, and
(c) in the case of a report made after the appointed day for Northern Ireland, the measures taken by the Northern Ireland departments in accordance with a Northern Ireland strategy.

(6) The report may be published as one or more documents as a Minister of the Crown may direct.

(7) The first report must be published before the end of the financial year ending with 31 March 2017.

(8) Later reports must be published before the end of each subsequent financial year.

(9) A Minister of the Crown must lay a report under this section before Parliament.

(10) A Minister of the Crown may direct the Commission to carry out any other activity relating to improving social mobility in the United Kingdom.”

(2) In Schedule 1 to the Child Poverty Act 2010, for the title substitute “Social Mobility Commission”.

6 Other amendments to Child Poverty Act 2010

(1) Sections 1 to 10, 15, 17 and 19 to 25 of, and Schedule 2 to, the Child Poverty Act 2010 are repealed.

(2) In section 11 (Scottish strategies)—

(a) in subsection (2), omit paragraph (a) (and the “and” immediately after it);
(b) in subsection (3), for “after the beginning of the target year” substitute “after 31 March 2020”;
(c) in subsection (4)(a), for “before the end of the target year” substitute “before 1 April 2021”;
(d) in subsection (4)(a), omit sub-paragraph (i);
(e) in subsection (4)(a)(ii), omit “other”;
(f) in subsection (4)(b), for “by the end of the target year” substitute “by 31 March 2021”;
(g) in subsection (4)(b), omit “otherwise than by contributing to the meeting of the targets”;
(h) in subsection (5), omit paragraph (b) (and the “and” immediately after it);
(i) in subsection (5)(c), for “other” substitute “the”;
(j) in subsection (7), omit paragraph (b) (and the “and” immediately after it);
(k) in subsection (7)(c), for “other” substitute “the”;
(l) in subsection (8)(b), for “after the end of the target year” substitute “after 31 March 2021”;
(m) in subsection (9)(a), for “before the beginning of the target year” substitute “before 1 April 2020”;
(n) in subsection (9)(b), for “ending with the target year” substitute “ending with 31 March 2021”.

(3) In section 12 (Northern Ireland strategies)—
(a) in subsection (2), omit paragraph (a) (and the “and” immediately after it);
(b) in subsection (3), for “after the beginning of the target year” substitute “after 31 March 2020”;
(c) in subsection (4)(a), for “before the end of the target year” substitute “before 1 April 2021”;
(d) in subsection (4)(a), omit sub-paragraph (i);
(e) in subsection (4)(a)(ii), omit “other”;
(f) in subsection (4)(b), for “by the end of the target year” substitute “by 31 March 2021”;
(g) in subsection (4)(b), omit “otherwise than by contributing to the meeting of the targets”;
(h) in subsection (5), omit paragraph (b) (and the “and” immediately after it);
(i) in subsection (5)(c), for “other” substitute “the”;
(j) in subsection (7), omit paragraph (b) (and the “and” immediately after it);
(k) in subsection (7)(c), for “other” substitute “the”;
(l) in subsection (8)(b), for “after the end of the target year” substitute “after 31 March 2021”;
(m) in subsection (9)(a), for “before the beginning of the target year” substitute “before 1 April 2020”;
(n) in subsection (9)(b), for “ending with the target year” substitute “ending with 31 March 2021”.

(4) In section 16 (economic and fiscal circumstances), omit subsections (1) and (2).

(5) In section 18 (interpretation of Part 1)—
(a) for subsection (1) substitute—

“(1) In this Part—

“child” means—

(a) a person under the age of 16, or
(b) a person who is a qualifying young person for the purposes of Part 9 of the Social Security Contributions and Benefits Act 1992 or Part 9 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 (child benefit);

“parent” means—

(a) any individual who has parental responsibility for a child, or
(b) any other individual with whom a child resides and who has care of the child.”;

(b) after subsection (1) insert—

“(1A) In paragraph (a) of the definition of “parent” in subsection (1), the reference to “parental responsibility”—

(a) in relation to Northern Ireland, is to be read in accordance with the Children (Northern Ireland) Order 1995, and

(b) in relation to Scotland, is to be read as a reference to parental responsibilities within the meaning of the Children (Scotland) Act 1995.”;
(c) omit subsection (2) and (3).

(6) For section 27 (general interpretation) substitute—

“27 General interpretation

(1) In this Act—

“the Commission” means the Social Mobility Commission;
“financial year” means the 12 months ending with 31 March;
“Minister of the Crown” has the same meaning as in the Ministers of the Crown Act 1975;
“Northern Ireland strategy” has the meaning given by section 12(2);
“the relevant Northern Ireland department” means the Office of the First Minister and Deputy First Minister;
“Scottish strategy” has the meaning given by section 11(2);

(2) In this Act “appointed day for Northern Ireland” means such day as a Minister of the Crown may by order with the consent of the Northern Ireland Assembly appoint (and different days may be appointed for the purposes of different provisions of this Act).”

(7) In section 28 (regulations and orders)—

(a) in subsections (1), (2) and (3), omit “regulations or”;
(b) omit subsections (4) and (5).

(8) In section 30 (extent), in subsection (4), for “Part 2 and section 26 extend” substitute “Section 26 extends”.


Welfare benefits

7 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),
(b) carer’s allowance (see section 70 of the Social Security Contributions and Benefits Act 1992),
(c) child benefit (see section 141 of the Social Security Contributions and Benefits Act 1992),
(d) child tax credit (see section 1(1)(a) of the Tax Credits Act 2002),
(e) employment and support allowance, including income-related employment and support allowance (as defined in section 1(7) of the Welfare Reform Act 2007) (see section 1 of the Welfare Reform Act 2007),
(f) guardian’s allowance (see section 77 of the Social Security Contributions and Benefits Act 1992),
(g) housing benefit (see section 130 of the Social Security Contributions and Benefits Act 1992),
(h) incapacity benefit (see section 30A of the Social Security Contributions and Benefits Act 1992),
(i) income support (see section 124 of the Social Security Contributions and Benefits Act 1992),
(j) jobseeker’s allowance, including income-based jobseeker’s allowance (as defined in section 1(4) of the Jobseekers Act 1995) (see section 1 of the Jobseekers Act 1995),
(k) maternity allowance under section 35 or 35B of the Social Security Contributions and Benefits Act 1992,
(l) severe disablement allowance (see section 68 of the Social Security Contributions and Benefits Act 1992),
(m) universal credit,
(n) widow’s pension (see section 38 of the Social Security Contributions and Benefits Act 1992),
(o) widowed mother’s allowance (see section 37 of the Social Security Contributions and Benefits Act 1992), or
(p) widowed parent’s allowance (see section 39A of the Social Security Contributions and Benefits Act 1992).”

(5) In section 97 of the Welfare Reform Act 2012 (benefit cap: supplementary), subsection (3) (procedure for first regulations under section 96) is omitted.

(6) 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 (5).

(7) Regulations under subsection (6) may in particular—
(a) provide for section 96 to have effect as if the amendments made by subsections (2) and (3) 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 (6).

(9) Regulations under subsection (6) must be made by statutory instrument.

(10) A statutory instrument containing regulations under subsection (6) is subject to annulment in pursuance of a resolution of either House of Parliament.

8 Review of benefit cap

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) 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 (3) insert—

“(3A) A statutory instrument containing regulations under section 96A(4) that decreases a sum specified in section 96(5A) may not be made unless a draft of the instrument has been laid before, and approved by resolution of, each House of Parliament.”

(6) In subsection (4) (procedure for other regulations), after “96” insert “or 96A”.

(7) Subsection (5) is omitted.

(8) In section 150 of the Social Security Administration Act 1992 (annual up-rating of benefits), subsection (7A) (review of the benefit cap) is omitted.

9 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 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 the Schedule;

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

10 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 the Schedule;

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

11 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.”

12 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.
13 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)—
   (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.

14 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).

15 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);
   (b) regulation 91A (claimants subject to work preparation requirement) is revoked.
Loans for mortgage interest

16 Loans for mortgage interest

(1) The Secretary of State may by regulations provide for loans to be made in respect of a person’s liability to pay mortgage interest in relation to property occupied by the person as the person’s home.

(2) The regulations may make provision about eligibility to receive a loan under the regulations.

(3) Regulations under subsection (2) may in particular require that a person—
   (a) is entitled to receive income support, income-based jobseeker’s allowance, income-related employment and support allowance, state pension credit or universal credit;
   (b) has received such a benefit for a period prescribed by the regulations.

(4) The regulations may make provision about the amounts secured by a mortgage in respect of which a loan under the regulations may be made.

(5) Regulations under subsection (4) may in particular provide that a loan under the regulations may only be made if, and to the extent that, the mortgage relates to amounts used for purposes prescribed by the regulations.

(6) Regulations under subsection (4) may in particular make provision about the maximum amount secured by a mortgage in respect of which a loan under the regulations may be made.

(7) The regulations may—
   (a) make provision about determining or calculating the amount that may be paid by way of loan under the regulations;
   (b) require that a loan under the regulations be secured by a charge over land or, in Scotland, by a heritable security.

(8) In this section—
   “mortgage” means a mortgage of or charge over land or, in Scotland, a heritable security;
   “mortgage interest” means interest on a loan which is secured by a mortgage of or charge over land or, in Scotland, by a heritable security.

(9) Regulations under this section may make different provision for different purposes.

(10) Regulations under this section must be made by statutory instrument.

(11) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

17 Section 16: further provision

(1) This section makes further provision about regulations under section 16.

(2) The regulations may make provision about—
   (a) circumstances in which a person is to be treated as liable or not liable to pay mortgage interest;
   (b) circumstances in which a person is to be treated as occupying or not occupying property as a home.
(3) The regulations may include—
(a) provision about applying for a loan;
(b) provision requiring a person to satisfy requirements prescribed by the regulations before a loan may be made under the regulations, including requirements about receiving financial advice;
(c) provision about the time when, and manner in which, a loan must be repaid;
(d) provision about the other terms upon which a loan is made;
(e) provision about the payment of interest, including provision prescribing or providing for the determination of the rate of interest;
(f) provision enabling administrative costs to be charged;
(g) provision about adding administrative costs to the amount of a loan;
(h) provision about accepting substituted security.

(4) The regulations may make provision—
(a) requiring that, in circumstances prescribed by the regulations, money lent in respect of a person’s liability to pay mortgage interest—
   (i) is paid directly to the qualifying lender;
   (ii) is applied by the qualifying lender towards discharging the person’s liability to pay mortgage interest;
(b) for the costs of administering the making of payments to qualifying lenders to be defrayed, in whole or in part, at the expense of the qualifying lenders, whether by requiring them to pay fees prescribed by the regulations, by deducting and retaining such part as may be prescribed by the regulations of the amounts that would otherwise be paid to them or otherwise;
(c) for requiring a qualifying lender, in a case where by virtue of paragraph (b) the amount paid to the lender is less than it would otherwise have been, to credit against the liability in respect of the mortgage interest the amount of the difference (in addition to the payment actually made);
(d) for enabling a body which, or person who, would otherwise be a qualifying lender to elect not to be regarded as a qualifying lender for the purposes of this section (other than this paragraph);
(e) for the recovery from any body or person—
   (i) of any sums paid to that body or person by way of payment under the regulations that ought not to have been so paid;
   (ii) of any fees or other sums due from that body or person by virtue of paragraph (b);
(f) for cases where the same person is the borrower in relation to mortgage interest payable in respect of two or more different loans.

(5) The regulations may provide for the Secretary of State to make arrangements with another person for the exercise of functions under the regulations.

(6) The regulations may include—
(a) provision requiring information and documents to be provided;
(b) provision authorising the disclosure of information.

(7) The regulations may make provision with similar effect in relation to persons who have entered into alternative finance arrangements (within the meaning of Part 10A of the Income Tax Act 2007).
(8) The bodies and persons who are “qualifying lenders” for the purposes of this section are—
   (a) a deposit taker;
   (b) an insurer;
   (c) a county council, a county borough council, a district council, a London Borough Council, the Common Council of the City of London or the Council of the Isles of Scilly;
   (d) a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994;
   (e) a new town corporation;
   (f) other bodies or persons prescribed by regulations under section 16.

(9) In this section—
   “deposit taker” means—
   (a) a person who has permission under Part 4A of the Financial Services and Markets Act 2000 to accept deposits, or
   (b) an EEA firm of the kind mentioned in paragraph 5(b) of Schedule 3 to that Act which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to accept deposits;
   “insurer” means—
   (a) a person who has permission under Part 4A of the Financial Services and Markets Act 2000 to effect and carry out contracts of insurance, or
   (b) an EEA firm of the kind mentioned in paragraph 5(d) of Schedule 3 to that Act which has permission under paragraph 15 of that Schedule (as a result of qualifying for authorisation under paragraph 12 of that Schedule) to effect and carry out contracts of insurance;
   “mortgage” means a mortgage of or charge over land or, in Scotland, a heritable security;
   “mortgage interest” means interest on a loan which is secured by a mortgage of or charge over land or, in Scotland, by a heritable security.

(10) The definitions of “deposit taker” and “insurer” in this section must be read with—
   (a) section 22 of the Financial Services and Markets Act 2000;
   (b) any relevant order under that section;
   (c) Schedule 2 to that Act.

18 Consequential amendments

(1) Section 15A of the Social Security Administration Act 1992 (payment out of benefit of sums in respect of mortgage interest) is repealed.

(2) In section 11 of the Welfare Reform Act 2012 (universal credit: amount in respect of housing costs), in subsection (3)(a), omit the words from “(and)” to “payments”).

(3) The following provisions are repealed—
   (a) in the Social Security (Mortgage Interest Payments) Act 1992—
      (i) section 1;
      (ii) the Schedule;
Social housing rents

19 Reduction in social housing rents

(1) Registered providers of social housing must secure that the amount of rent payable in a relevant year by a tenant of their social housing in England is 1% less than the amount that was payable by the tenant in the preceding 12 months.

(2) Subsection (1) is subject to subsection (3) and section 20.

(3) The amount of rent payable in the 12 months preceding the first relevant year is to be treated as being—

(a) the amount that would have been payable in those 12 months if the rate applicable at the beginning of 8 July 2015 had applied during those 12 months, or

(b) if the Secretary of State consents to the use of a different day (“the permitted review day”), the amount that would have been payable in those 12 months if the rate applicable at the beginning of the permitted review day had applied during those 12 months.

(4) Registered providers of social housing must secure that the amount of rent payable in a relevant year or a part of a relevant year by—

(a) a person who becomes a tenant of particular social housing in England after the beginning of the first relevant year, or

(b) a person who, having been a tenant of particular social housing in England but not a tenant in relation to whom this section applies, becomes a tenant of that accommodation in relation to whom this section applies after the beginning of the first relevant year,

is the amount that would have been payable for that year or part of a year, if that accommodation had been available from a time before the beginning of the first relevant year, the person had been a tenant of that accommodation from a time before the beginning of the first relevant year, this section had applied in relation to the person at all times, and reasonable assumptions are made about the rent that would have been paid.

(5) The regulator may publish a document about the assumptions that the regulator considers reasonable.

(6) Where—

(a) a person becomes a tenant of particular social housing in England during a relevant year, or

(b) a person, having been a tenant of particular social housing in England but not a tenant in relation to whom this section applies, becomes a
tenant of that accommodation in relation to whom this section applies during a relevant year,
references to an amount payable by the tenant in the preceding 12 months are
to be treated as references to an amount that would have been payable if the
person had been a tenant in relation to whom this section applies for the
preceding 12 months.

(7) For the purposes of this section a relevant year, in relation to a registered
provider, is—
(a) in the case of a registered provider whose practice as regards the
greater number of its tenants is to change rent payable no more than
once a year and with effect from a single date other than 1 April (“the
review date”)—
(i) a year beginning on the first review date to occur after 1 April
2016, or
(ii) a year beginning on the first, second or third anniversary of that
date;
(b) in any other case, a year beginning on 1 April 2016, 1 April 2017, 1 April
2018 or 1 April 2019.

(8) A registered provider whose practice is as described in subsection (7)(a) is to
be regarded as having complied with the preceding subsections if it treats
tenants in its social housing as if its relevant years were the years mentioned in
subsection (7)(b).

(9) Sections 194(2A) and 198(3) of the Housing and Regeneration Act 2008 (the
powers of the regulator to set and revise standards relating to levels of rent) are
subject to this section.

(10) In this section—
“registered provider” means a registered provider of social housing (see
section 80 of the Housing and Regeneration Act 2008);
“the regulator” means the Regulator of Social Housing;
“rent” has the same meaning as in Part 2 of the Housing and Regeneration
Act 2008;
“social housing” has the same meaning as in Part 2 of the Housing and
Regeneration Act 2008;
“tenant” has the same meaning as in Part 2 of the Housing and

20 Exceptions

(1) Section 19 does not apply in relation to a tenant of social housing if—
(a) the accommodation is low cost home ownership accommodation;
(b) the accommodation is both low cost rental accommodation and low
cost home ownership accommodation (see section 71 of the Housing
and Regeneration Act 2008);
(c) the registered provider’s interest in property that consists of or
includes that social housing is subject to a mortgage and there is—
(i) a mortgagee in possession of that interest in the property, or
(ii) a receiver appointed by the mortgagee or by the court who is in
receipt of the rents and profits of that interest in the property;
(d) the registered provider’s interest in property that consists of or
includes that social housing was sold by—
Welfare Reform and Work Bill

(i) a mortgagee in possession of that interest in the property, or
(ii) a receiver appointed by the mortgagee or by the court who was in receipt of the rents and profits of that interest in the property, and that interest is owned by the person who bought it from the mortgagee or receiver.

(2) The Secretary of State may by regulations provide for section 19 not to apply in cases prescribed by the regulations.

(3) Regulations under subsection (2) may in particular make provision about—
(a) tenants of a description prescribed by the regulations;
(b) tenancies of a description prescribed by the regulations;
(c) accommodation of a description prescribed by the regulations;
(d) accommodation which satisfies conditions prescribed by the regulations, including conditions relating to the funding of its building or refurbishment;
(e) events of a description prescribed by the regulations.

(4) Regulations made by virtue of subsection (3)(a) may include provision about tenants whose income exceeds, or whose household’s incomes exceed, an amount prescribed by the regulations during a period prescribed by the regulations.

(5) In this section—
“low cost home ownership accommodation” has the meaning given by section 70 of the Housing and Regeneration Act 2008;
“low cost rental accommodation” has the meaning given by section 69 of the Housing and Regeneration Act 2008;
“registered provider” means a registered provider of social housing (see section 80 of the Housing and Regeneration Act 2008);
“relevant year” has the same meaning as in section 19;
“social housing” has the same meaning as in Part 2 of the Housing and Regeneration Act 2008;
“tenant” has the same meaning as in Part 2 of the Housing and Regeneration Act 2008.

(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.

21 Exemption of a registered provider of social housing

(1) The regulator may issue a direction mentioned in subsection (2) in respect of a private registered provider if—
(a) the condition in subsection (4) or (5) is satisfied, and
(b) the Secretary of State consents.

(2) The directions are—
(a) a direction that section 19 does not apply in relation to a private registered provider specified in the direction;
(b) a direction that section 19 is to have effect in relation to a private registered provider specified in the direction as if in section 19(1) for “1% less than” there were substituted “the same as”;

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(c) a direction that section 19 is to have effect in relation to a private registered provider specified in the direction as if section 19(1) required the lesser reduction specified in the direction.

(3) The regulator may specify in a direction the period during which it is to have effect.

(4) The condition in this subsection is that the regulator considers that complying with section 19 would jeopardise the financial viability of the private registered provider.

(5) The condition in this subsection is that the circumstances of the private registered provider satisfy requirements prescribed in regulations made by the Secretary of State.

(6) The Secretary of State may issue a direction mentioned in subsection (7) in respect of a local authority if the condition in subsection (9) is satisfied.

(7) The directions are—
   (a) a direction that section 19 does not apply in relation to a local authority specified in the direction;
   (b) a direction that section 19 is to have effect in relation to a local authority specified in the direction as if in section 19(1) for “1% less than” there were substituted “the same as”
   (c) a direction that section 19 is to have effect in relation to a local authority specified in the direction as if section 19(1) required the lesser reduction specified in the direction.

(8) The Secretary of State may specify in a direction the period during which it is to have effect.

(9) The condition in this subsection is that the Secretary of State considers that the local authority would be unable to avoid serious financial difficulties if it were to comply with section 19.

(10) The Secretary of State may publish a document about the measures that the Secretary of State considers could be taken by a local authority in order to comply with section 19 and to avoid serious financial difficulties.

(11) In this section—
   “local authority” has the same meaning as in the Housing Associations Act 1985;
   “private registered provider” has the meaning given by section 80(3) of the Housing and Regeneration Act 2008;
   “the regulator” means the Regulator of Social Housing.

(12) Regulations under this section must be made by statutory instrument.

(13) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

22 Enforcement

(1) Failure by a registered provider of social housing to comply with section 19 is a ground for exercising a power in Chapter 6 or 7 of Part 2 of the Housing and Regeneration Act 2008 (if the power is otherwise exercisable in relation to a registered provider of that kind).
(2) The risk that, if no action is taken by a registered provider of social housing or the Regulator of Social Housing, the registered provider will fail to comply with section 19 is a ground for exercising a power in Chapter 6 of Part 2 of the Housing and Regeneration Act 2008.

(3) Part 2 of the Housing and Regeneration Act 2008 is amended as follows.

(4) In section 220 (grounds for giving an enforcement notice to a registered provider), after subsection (11) insert—

“(11A) Case 11 is where the registered provider has failed to comply with section 19 of the Full Employment and Welfare Benefits Act 2015.”

(5) In section 227 (grounds for imposing a penalty on a private registered provider), after subsection (7) insert—

“(7A) Case 7 is where the registered provider has failed to comply with section 19 of the Full Employment and Welfare Benefits Act 2015.”

(6) In section 237 (grounds for requiring a private registered provider to pay compensation), after subsection (3) insert—

“(4) Case 3 is where the registered provider has failed to comply with section 19 of the Full Employment and Welfare Benefits Act 2015.”

(7) In section 247 (management tender), in subsection (1), after paragraph (a) (and before the “or” following it) insert—

“(aa) a registered provider has failed to comply with section 19 of the Full Employment and Welfare Benefits Act 2015.”

(8) In section 251 (appointment of manager of a private registered provider), in subsection (1) after paragraph (a) (and before the “or” following it) insert—

“(aa) a private registered provider has failed to comply with section 19 of the Full Employment and Welfare Benefits Act 2015.”

Final

23 Power to make consequential provision

(1) The Secretary of State may by regulations make such amendments and revocations of subordinate legislation (whenever made) as appear to the Secretary of State to be necessary or expedient in consequence of any provision of this Act.

(2) In this section “subordinate legislation” has the same meaning as in the Interpretation Act 1978.

(3) Regulations under this section must be made by statutory instrument.

(4) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of either House of Parliament.

24 Extent

(1) The following provisions of this Act extend to England and Wales, Scotland and Northern Ireland—

(a) section 1 (full employment: reporting obligation);
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(b) sections 4, 5 and 6 (disadvantaged children and Social Mobility Commission);
(c) section 9(2) and (6) (freeze of rates of child benefit for four tax years);
(d) section 10 and paragraph 2 of the Schedule (freeze of certain tax credit amounts for four tax years);
(e) section 11 (changes to child tax credit);
(f) section 23, this section, section 25 and section 26.

(2) The following provisions of this Act extend to England and Wales—
(a) section 2 (apprenticeships reporting obligation);
(b) section 3 (support for troubled families: reporting obligation);
(c) sections 19 to 22 (reduction in social housing rents).

(3) The following provisions of this Act extend to England and Wales and Scotland—
(a) sections 7 and 8 (benefit cap and review of benefit cap);
(b) section 9(1), (3), (4) and (5) and paragraph 1 of the Schedule (freeze of certain benefits for four tax years);
(c) section 12 (changes to child element of universal credit);
(d) section 13 (employment and support allowance: work-related activity component);
(e) section 14 (universal credit: limited capability for work element);
(f) section 15 (universal credit: work-related requirements);
(g) sections 16 to 18 (loans for mortgage interest).

25 Commencement

(1) The following provisions of this Act come into force on the day on which it is passed—
(a) section 8(7) and (8);
(b) sections 9 and 10 and the Schedule;
(c) section 23, section 24, this section and section 26.

(2) The following provisions of this Act come into force at the end of the period of two months beginning on the day on which it is passed—
(a) section 1;
(b) section 2;
(c) sections 4, 5 and 6.

(3) Sections 7 and 8(1) to (6) come into force—
(a) for the purposes of making regulations, on the day on which this Act is passed;
(b) for remaining purposes, on such day or days as the Secretary of State may by regulations appoint.

(4) Section 11 comes into force—
(a) for the purposes of making regulations, on the day on which this Act is passed;
(b) for remaining purposes, on 6 April 2017.

(5) Sections 19 to 22 come into force—
(a) for the purposes of making regulations, on the day on which this Act is passed;
(b) for remaining purposes, on such day or days as the Secretary of State may by regulations appoint.

(6) The remaining provisions of this Act come into force on such day or days as the Secretary of State may by regulations appoint.

(7) Regulations under subsection (3), (5) or (6) may—
(a) appoint different days for different areas;
(b) appoint different days for different cases or purposes.

(8) Regulations under subsection (3), (5) or (6) 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 the provisions to which they relate.

(9) Section 176 of the Social Security Administration Act 1992 (consultation with representative organisations) does not apply in relation to regulations under this section so far as relating to section 7 or 8.

(10) Regulations under this section must be made by statutory instrument.

26 Short title

This Act may be cited as the Welfare Reform and Work Act 2015.
SCHEDULE

MEANING OF “THE RELEVANT SUMS” AND “THE RELEVANT AMOUNTS”

1 The “relevant sums” for the purposes of section 9 are the sums—
   (a) specified in paragraph 1 of Schedule 2 to the Income Support (General) Regulations 1987 (S.I. 1987/1967);
   (b) specified in paragraph 1 of Schedule 3 to the Housing Benefit Regulations 2006 (S.I. 2006/213);
   (c) specified in paragraph 25 of Schedule 3 to the Housing Benefit Regulations 2006 (S.I. 2006/213);
   (d) specified in regulations under section 4(2) of the Jobseekers Act 1995;
   (e) specified in paragraph 1 of Schedule 1 to the Jobseeker’s Allowance Regulations 1996 (S.I. 1996/207);
   (f) specified in regulations under section 2(1)(a) of the Welfare Reform Act 2007;
   (g) specified in regulations under section 2(4)(c) of the Welfare Reform Act 2007, so far as relating to the component under section 2(3) of that Act;
   (h) specified in paragraph 1 of Schedule 4 to the Employment and Support Allowance Regulations 2008 (S.I. 2008/794);
   (i) specified in regulations under section 4(6)(c) of the Welfare Reform Act 2007, so far as relating to the component under section 4(5) of that Act;
   (j) specified in regulations under section 9(2) of the Welfare Reform Act 2012;
   (k) specified in regulations under section 10(3) of the Welfare Reform Act 2012 in respect of an amount to be included under section 10(2) of that Act (but where more than one sum is so specified, only the smaller or smallest of those sums is a “relevant sum”);
   (l) specified in regulations under section 12(3) of the Welfare Reform Act 2012 in respect of needs or circumstances of a claimant prescribed by virtue of section 12(2)(a) of that Act (but not in respect of needs or circumstances prescribed by virtue of section 12(2)(b)).

2 The “relevant amounts” for the purposes of section 10 are the amounts—
   (a) specified in Schedule 2 to the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 (S.I. 2002/2005) for the basic element, the 30 hour element, the second adult element and the lone parent element;
   (b) specified in regulation 7(4)(c) and (f) of the Child Tax Credit Regulations 2002 (S.I. 2002/2007).
A

BILL

To make provision about reports on progress towards full employment and the apprenticeships target; to make provision about reports on the effect of certain support for troubled families; to make provision about social mobility; to make provision about the benefit cap; to make provision about social security and tax credits; to make provision for loans for mortgage interest; and to make provision about social housing rents.

Presented by Secretary Iain Duncan Smith
supported by
The Prime Minister,
Mr Chancellor of the Exchequer,
Secretary Greg Clark, Greg Hands,
Mr Oliver Letwin and Priti Patel.

Ordered, by The House of Commons,
to be Printed, 9 July 2015.