# Social Security (Additional Payments) Bill

# HL Bill 34 of 2022–23

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On 27 June 2022, the second reading and all remaining stages of the Social Security (Additional Payments) Bill are scheduled to take place in the House of Lords.

The bill gives effect to the cost of living support measures for benefits claimants announced as part of Chancellor Rishi Sunak's statement to the House of Commons on 26 May 2022. The bill is expected to be certified as a money bill. The House of Lords can amend money bills, but the House of Commons is not obliged to consider any Lords amendments. The government fast-tracked the bill through all its House of Commons stages on 22 June 2022.

In the chancellor's statement on 26 May 2022, the following support was announced for benefits recipients:

- A one-off £650 cost of living payment to around 8 million households on certain means-tested benefits.
- A one-off £150 disability cost of living payment for people receiving certain disability benefits.

The measures were broadly welcomed by external commentators, such as the Institute for Fiscal Studies and the Resolution Foundation.

There was cross-party support for the bill during its House of Commons stages and it passed without amendment. However, opposition parties criticised the government for not providing targeted support to the poorest households sooner and for failing to uprate benefits in line with inflation from April 2022.

## 1. Background

The cost of living for households in the UK has been increasing since early 2021, due to a range of factors, including: the easing of Covid-19 restrictions and related increases to commodity, food and energy prices; tax rises; a supply shock caused by the war in Ukraine.[1] The impact is particularly felt by the poorest households and those on welfare benefits, as they spend a larger proportion of their income on essentials such as food and energy. The government was criticised for uprating welfare benefits by 3% from April 2022.[2] At that time, consumer price index (CPI) inflation had reached 9%.[3]

[1] House of Lords Library, 'Cost of living, economic resilience and government policy', 31 May 2022.

[2] House of Lords Library, 'Social Security Benefits Up-rating Order 2022: regret motion', 14 March 2022.

[3] Office for National Statistics, 'Consumer price inflation, UK: April 2022', 18 May 2022.

The Bank of England has predicted that inflation could peak at 11% in 2022.[4]

In response to the cost of living pressures, the government has announced a range of support measures. In February 2022, the chancellor announced a package of support to help households with rising energy bills.[5] Further support was included in the March 2022 spring statement.[6] In response to the spring statement, the opposition criticised the government for not acting fast enough in its support for households and for not introducing a windfall tax on oil and gas companies.[7]

On 26 May 2022, the chancellor announced in the House of Commons a further cost of living support package worth £15bn.[8] In addition to a levy on oil and gas companies, the chancellor announced the following measures targeted at households in receipt of welfare benefits:

- A one-off £650 cost of living payment to around 8 million households on certain means-tested benefits.
- A one-off £150 disability cost of living payment for people receiving certain disability benefits.

The current bill gives effect to these additional payments.

The Department for Work and Pensions has published explanatory notes for the bill.[9] References in this briefing to the bill's explanatory notes are references to the notes as published ahead of the Commons stages of the bill.

The explanatory notes state that the bill creates two "entirely new social security payments": the means-tested additional payment and the disability additional payment. Eligibility for the additional payments depends on eligibility for an existing means-tested or disability benefit, respectively.

The payments will be delivered by the Department for Work and Pensions, HM Revenue and Customs (HMRC), or the Ministry of Defence. The explanatory notes state that this will require data sharing between the departments and the Scottish government and the Northern Ireland executive in order to "de-duplicate payments".[10] The bill therefore contains relevant data sharing provisions.

The explanatory notes state that the additional payments are a reserved matter and are not devolved.[11] While some of the benefits "which passport the claimant" to receive the additional payments are devolved in Scotland (for example, disability benefits) the additional payments themselves are not devolved. Social security is a transferred matter in Northern Ireland, but due to

[4] Bank of England, 'How high will inflation go?', 17 June 2022.
[5] HM Treasury, 'Millions to receive £350 boost to help with rising energy costs', 3 February 2022.
[6] House of Lords Library, 'Spring statement 2022: Key announcements and analysis', 25 March 2022.
[7] HC Hansard, 23 March 2022, cols 343–6.
[8] HC Hansard, 26 May 2022, cols 449–53.
[9] Explanatory notes.
[10] Explanatory notes, p 4.
[11] Explanatory notes, p 4.

the absence of the Northern Ireland Assembly the explanatory notes state that the bill would apply the payments in Northern Ireland.

The government is fast-tracking the legislation through both Houses of Parliament. The explanatory notes give the following justification for fast-tracking the bill:

> The legislation is required to be in place before July for the first means-tested additional payment to be paid in July. The bill will therefore need royal assent by the 30 June 2022 at the very latest.[12]

HM Treasury has published a factsheet summarising the measures announced on 26 May 2022,[13] and a distributional analysis showing the impact of the measures announced in May 2022 and February 2022 across the income distribution.[14]

## 2. Debate and commentary

Responding to the chancellor's statement in the House of Commons on 26 May 2022, the Labour shadow chancellor, Rachel Reeves, welcomed the additional support, but criticised the government for not acting sooner.[15] Ms Reeves questioned how quickly the support would be paid and how it was being paid for. She said:

> How many people are still waiting for the support they were promised in March? A third of his constituents are still waiting for their council tax discounts. […] How is this package being funded, outside of the proceeds of a windfall tax [on oil and gas companies]?[16]

Kirsty Blackman, the Scottish National Party shadow spokesperson for work and pensions, supported the package of measures, but said:

> […] it is not enough. What [the chancellor] has announced fails to uprate benefits; fails to account for the fact that the energy price cap that is coming in October will still be in place next year; and fails to ensure that benefits keep pace with inflation.[17]

External commentators broadly welcomed the targeted support to the poorest households. The Institute for Fiscal Studies called it a "genuinely big package of support".[18] It said that, on average, the poorest households "will now be approximately compensated for the rising cost of living this year". The IFS said that the flat-rate nature of the payments did mean that the support was "less generous to poor families with children than to those without". However, when taken together with the other

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[12] Explanatory notes, p 5.

[13] HM Treasury, 'Cost of living support factsheet: 26 May 2022', 26 May 2022, updated 15 June 2022

[14] HM Treasury, 'Illustrative analysis of the impact of the May 2022 cost of living support package and February 2022 energy support package on households', May 2022.

[15] HC Hansard, 26 May 2022, col 454.

[16] HC Hansard, 26 May 2022, col 455.

[17] HC Hansard, 26 May 2022, col 458.

[18] Institute for Fiscal Studies, 'IFS response to government cost of living support package', 26 May 2022.

cost of living support measures announced earlier in the year, the chancellor was "engaging in some serious redistribution from rich to poor".

The Resolution Foundation (RF) said it was a "big and well targeted" package of support.[19] When considered together with other tax and benefits policies, the RF said the measures were "highly progressive" and would "in effect offset 82% of the rise in households' energy costs in 2022/23, rising to over 90% for poorer households".

## 3. Bill provisions

The House of Lords government whips have listed the bill as a money bill on their website.[20] The Speaker of the House of Commons certifies a bill as a money bill if in their opinion it contains only provisions dealing with national (but not local) taxation, public money or loans or their management.[21] A money bill can become an Act of Parliament without the consent of the Lords as long as it is sent to the Lords at least one month before the end of the session. The Lords can amend money bills, but the Commons are not obliged to consider the amendments.

The bill has 11 clauses. Clauses 1–4 relate to additional payments for recipients of certain means-tested benefits and tax credits. Clause 5 relates to additional payments for recipients of certain disability benefits. Clauses 6–8 relate to the administration of the payments. Clauses 9–11 relate to final provisions concerning interpretation, regulations, and the extent and commencement of the bill.

**Clause 1** would make provision for the means-tested additional payments. Clause 1(1) would provide that the secretary of state "must secure" that a single payment of £326 is made to any person who has an entitlement to a social security benefit on the first "qualifying day" of 25 May 2022, and that a single payment of £324 is to be made to any person with such an entitlement on the second "qualifying day" (defined below).

Clause 1(2) would provide that HMRC must secure that similar payments are made to any person with an entitlement to child tax credit or working tax credit, but not to a social security benefit, on the two qualifying days as in clause 1(1).

Clause 1(3) would define the relevant social security benefits for the purposes of clause 1(1), which are:

- universal credit
- state pension credit
- income-based jobseeker's allowance
- income-related employment and support allowance
- income support

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[19] Resolution Foundation, 'Back on target: Analysis of the government's additional cost of living support', 27 May 2022.
[20] Government Whips' Office, House of Lords, 'Speakers' lists for debates: Week beginning Monday 27 June 2022', accessed 22 June 2022.
[21] House of Lords, 'Companion to the standing orders and guide to the proceedings of the House of Lords', 2017, p 142.

Clause 1(4) would define the second "qualifying day" as a date, not later than 31 October 2022, to be specified by the secretary of state in regulations.

Clause 1(5) would provide that regulations made under subsection (4) may specify a day before the regulations come into force.

Clause 1(6) would provide that in this section, and in sections 2 to 4, reference to a "person" is to mean an individual or a couple (but not to each member of the couple separately).

**Clause 2** relates to qualifying entitlements. Clause 2(1) would define what is meant by a qualifying entitlement. For the relevant social security benefits a qualifying entitlement is defined as a person having an entitlement to a payment of that benefit of at least 1p in the period of one month ending on the qualifying day.

Clause 2(2) would make provision to define the qualifying entitlement for child tax credit or working tax credit. The person must have an entitlement to a payment or award of the relevant tax credit in the period of one month ending on the qualifying day. The payment or award must have been for at least £26 in the tax year 2022/23.

Clause 2(3) would provide that references in this section to a person receiving a payment or award do not include payments or awards made as a result of fraud.

**Clause 3** relates to applicable benefits and tax credits. Clause 3(1) would provide that where a person has a qualifying entitlement to universal credit and another social security benefit, the relevant entitlement to the additional payment is in respect of universal credit (if the payment is made under section 1(1)).

Clause 3(2) would provide that where a person has a qualifying entitlement to child tax credit and working tax credit, the relevant entitlement to receive the additional payment is in respect of child tax credit (if the payment is made under section 1(2)).

**Clause 4** relates to means-tested additional payments not covered by clause 1. Clauses 4(1) and 4(2) would provide that, where a person has payments or awards of child tax credit or working tax credit of at least £26 for the tax year 2022/23 for the relevant qualifying period, but they did not receive a first or second additional payment under the provisions of section 1(1) or 1(2), and HMRC subsequently finds that the person should have received a payment or award for that eligibility period, HMRC must pay them the relevant additional payment.

Clause 4(3) would provide that where a person is entitled to an additional payment under this section for child tax credit and working tax credit, the payment is to be paid in respect of child tax credit.

Clause 4(4) would provide that a person is not eligible for payments under this section if they received payments or awards of tax credits as a result of fraud.

**Clause 5** relates to the provision of disability additional payments. Clause 5(1) would provide that the secretary of state must make a single disability additional payment of £150 to a person who is entitled to a disability benefit that is payable in respect of 25 May 2022.

Clause 5(2) would define the relevant disability benefits for the purposes of section 5(1), which are:

- disability living allowance
- personal independence payment
- attendance allowance
- constant attendance allowance (under section 104 of the Social Security Contributions and Benefits Act 1992 or section 104 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992)
- adult disability payment
- child disability payment
- armed forces independence payment
- constant attendance allowance (under article 14 or 43 of the Personal Injuries (Civilians) Scheme 1983 (SI 1983/686) or article 8 of the Naval, Military and Air Forces etc. (Disablement and Death) Service Pensions Order 2006 (SI 2006/606))
- mobility supplement

Clause 5(3) would provide that where a person has an entitlement to more than one disability benefit, the disability additional payment is to be made in respect of the first benefit in the list in section 5(2).

**Clause 6** relates to administration of the payments. Clause 6(1) would provide that all matters relating to the administration of the additional payments are to apply as if that payment were a payment or award of the social security benefit, tax credit, or disability benefit in question.

Clause 6(2) would provide that section 6(1) includes matters relating to overpayments and recovery, and appeals relating to overpayments and recovery.

Clause 6(3) would provide that the provisions of section 6(1) would equally apply to purported additional payments which were not in fact made in compliance with duties under section 1 and 4.

Clause 6(4) would provide that sections 6(1) and 6(3) are subject to regulations made by the secretary of state, the Treasury, or HMRC under section 6(5).

Clause 6(5) would provide regulation-making powers to the secretary of state, the Treasury or HMRC in relation to the additional payments.

Clause 6(6) would provide that regulations made under section 6(5) may have effect from the day the bill comes into force.

**Clause 7** relates to cooperation and data sharing. Clause 7(1) would provide that the secretary of state and HMRC must cooperate in exercising their functions in relation to the additional payments.

Clauses 7(2) would modify section 3 of the Social Security Act 1998 to allow for data sharing in relation to the additional payments between HMRC, and the secretary of state.

Clause 7(3) would modify section 127 of the Welfare Reform Act 2012 to allow data sharing in relation to the additional payments between HMRC and the secretary of state.

Clause 7(4) would modify section 34 of the Scotland Act 2016 to allow data sharing in relation to the additional payments between the secretary of state and Scottish ministers.

Clauses 7(5) and (6) would make provision where a payment has been made by HMRC where it should have been made by the secretary of state, or vice versa. In such cases, the payment should be treated as having been made by the correct body and is therefore not recoverable.

**Clause 8** would provide that no account is to be taken of the additional payments when considering a person's tax liability or entitlement to any social security benefit or tax credit.

**Clause 9** would make provision for the interpretation of terms used in the bill.

**Clause 10** relates to the power to make regulations. It provides that regulations made under the act are to be made by statutory instrument subject to annulment by a resolution of either House of Parliament.

**Clause 11** would extend the bill's provisions to the whole UK, and make provision for the act to come into force on the day on which it is passed.

## 4. House of Commons stages

The bill was introduced in the House of Commons on 15 June 2022. Second reading and all remaining stages took place on 22 June 2022. The bill had broad cross-party support and passed with no amendments.

### 4.1 Second reading

Introducing the bill at second reading, the secretary of state for work and pensions, Thérèse Coffey, said the purpose of the bill was to support household budgets which "are being stretched further than at any time in recent memory".[22] She said that the combined package of measures (include those not legislated for in the current bill) would provide "extra support of at least £1,200 this year for the majority of households that are least able to absorb rising costs, which takes our total support package [announced in 2022] to £37 billion".[23]

Regarding when the additional payments would be made, Dr Coffey said:

> The timing of such payments will vary, starting with the first payment of £326 for DWP means-tested benefit claimants from 14 July […] We have deliberately not included the next eligibility

[22] HC Hansard, 22 June 2022, col 882.
[23] HC Hansard, 22 June 2022, col 883.

> date in the bill to try not to change claimant behaviour. Instead, there is the power to set a date through regulations.[24]

Responding for the opposition, the shadow secretary of state for work and pensions, Jonathan Ashworth, said the Labour Party supported the bill and did “not intend to divide the House”.[25] However, Mr Ashworth claimed the government did not have a plan to tackle inflation and he said that economic projections indicated that more support could be needed for households later in the year. Mr Ashworth said:

> We recognise the extra support that the government are allocating today, but in reality this legislation—important though it is—is a short-term sticking plaster because of a series of long-term policy failures to grow our economy sufficiently, and to address the longer-term problems and hardship that have been growing over the last ten years due to attacks on social security and unfair pay settlements.[26]

Kirsty Blackman, Scottish National Party shadow spokesperson for work and pensions, criticised the government for fast-tracking the bill. Ms Blackman said that she appreciated there was a “tight timescale” to pass the legislation, but “[w]e should not be doing this in a single day […] we have not been able to scrutinise it effectively”.[27]

Ms Blackman said that although the support was welcome:

> I would like the UK government to now uprate all social security benefits by 10% and backdate that to April 2020 […] This is a sticking plaster. Giving this additional one-off payment does not solve things for next year. It does not undo the fact that this year’s increase was woefully insufficient.[28]

Labour MP Sir Stephen Timms, chair of the House of Commons Work and Pensions Committee, said he was “very pleased” that the government had introduced the bill.[29] However, he said:

> [W]e need to be clear: the reason the bill is needed is that the system for social security uprating has failed. It is a long-standing system. There is nothing new about the way it is done, but the unforeseen burst in inflation means that it simply has not worked this year […] We need now to rethink the uprating system to make sure that it does not let us down again.[30]

Sir Stephen expressed concern with the government’s policy of providing ad-hoc payments rather than uprating benefits more broadly. He cited evidence that the Work and Pensions Committee had

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[24] HC Hansard, 22 June 2022, cols 883–84.
[25] HC Hansard, 22 June 2022, col 886.
[26] HC Hansard, 22 June 2022, col 887.
[27] HC Hansard, 22 June 2022, col 893.
[28] HC Hansard, 22 June 2022, col 896.
[29] HC Hansard, 22 June 2022, col 897.
[30] HC Hansard, 22 June 2022, col 897.

received that ad-hoc payments were more at risk of fraud and made it more difficult for benefits recipients to budget.[31]

Sir Stephen also asked the government why, during debates earlier in the year on uprating of benefits, the chancellor had said that legacy benefits cannot be uprated quickly "because they are run on antiquated IT systems".[32]

Concluding the second reading for the government, David Rutley, parliamentary under-secretary at the Department for Work and Pensions, responded to some of the questions raised during the debate.

On uprating of benefits in the future, Mr Rutley said "there will be an annual review of benefits and pensions for the tax year 2023/24, which will commence in the autumn as per convention".

On the IT systems used to uprate legacy benefits, he said:

> I think we know that the legacy systems are not that agile. Of course, what we are trying to do and working very hard to do—recognising how flexible universal credit is and how resilient it has proven through the pandemic—is to move people through to universal credit by the end of 2024.

He concluded the debate by stating:

> It is vital that we meet the deadline for royal assent by 30 June, after a fast-tracked passage, so that we do not create a strong risk that we fail to make payments in July. We want to make sure that the most vulnerable people in our society—people on low incomes, people with disabilities—get the payments and support that they need. As I have highlighted already, this payment package in total comes to £37 billion this year alone. The bill helps to deliver key elements of the support package to those who need it most.[33]

### 4.2 Committee stage

The bill was considered in a committee of the whole House directly after the second reading.[34] Four new clauses were tabled:

- **New clause 1** would have required HM Treasury to publish an impact analysis of the bill on household incomes if the qualifying date for the second payment were no later than 1 October 2022.
- **New clause 2** would have required HM Treasury to publish a "full and detailed" analysis of the impact of the bill, no later than the next fiscal event after the day on which the act is passed.

[31] HC Hansard, 22 June 2022, col 898.

[32] HC Hansard, 22 June 2022, col 898.

[33] HC Hansard, 22 June 2022, col 912–13.

[34] HC Hansard, 22 June 2022, cols 913–24.

- **New clause 3** would have required all payments under the bill to be made by 14 July 2022.
- **New clause 4** would have required the secretary of state and HM Treasury to publish an assessment of the distributional effect of the bill on: (a) rural communities; (b) families eligible for free school meals; (c) unpaid carers; and (d) households in each income decile.

Responding to new clause 1, David Rutley said that announcing the qualifying date for the second payment now would "risk increasing the level of fraudulent applications for benefits, and disincentivise reporting of changes of circumstances".[35]

On new clauses 2 and 4, Mr Rutley said that the Treasury had already published an impact analysis of the measures which meant that "further publications are not necessary".[36] Mr Rutley said that the measures were "highly progressive", and he referred to the statements of commentators such as the Institute for Fiscal Studies and the Resolution Foundation in support of the package.

On new clause 3, Mr Rutley said the timing of the two payments had been "deliberately staggered" to provide a "a key safety net in the policy to help the households that are most vulnerable to the rising costs with their budgeting".[37] He said it would also allow new benefits claimants to be eligible for the second payment, even if they were not eligible for the first. Mr Rutley said that making the payments in one instalment "would not be deliverable by 14 July".

The new clauses were ultimately not moved, and no amendments were made to the bill.

### 4.3. Report and third reading

The bill was reported without amendment, read a third time, and passed.

## 5. Read more

- House of Commons Library, 'The Social Security (Additional Payments) Bill 2022–23', 17 June 2022
- HM Treasury, 'Cost of living support', 26 May 2022
- Department for Work and Pensions, 'Cost of living payment', 26 May 2022
- Department for Work and Pensions, 'Social Security (Additional Payments) Bill: Memorandum from the Department for Work and Pensions to the House of Lords Delegated Powers and Regulatory Reform Committee', June 2022

[35] HC Hansard, 22 June 2022, col 916.

[36] HC Hansard, 22 June 2022, col 916.

[37] HC Hansard, 22 June 2022, col 916.

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