EXPLANATORY MEMORANDUM TO

THE SOCIAL SECURITY (INCOME AND CAPITAL DISREGARDS) (AMENDMENT) REGULATIONS 2026

2026 No. 1072

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Sir Stephen Timms, Minister for Social Security and Disability at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

2.2 Clare Brookes, Deputy Director for Universal Credit Policy at the Department for Work and Pensions confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Trevor Pendergast at the Department for Work and Pensions can be contacted by email at the following address with any queries regarding the instrument. Telephone: 07384 241318 or email: trevor.pendergast@dwp.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The purpose of this instrument is to amend legislation to ensure that payments made by the scheme administered by the Church of England under the Abuse Redress Measure 2025, are disregarded indefinitely as income and capital when calculating entitlement to certain means-tested benefits[1] in Great Britain.

4.2 If these payments were not disregarded, claimants who receive payments from this scheme could see their benefit entitlement reduced or cease.

Where does the legislation extend to, and apply?

4.3 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England, Wales and Scotland.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England, Wales and Scotland.

[1] Universal Credit, income-related Employment and Support Allowance, Housing Benefit, Housing Benefit for people over state pension age and Pension Credit.

5. Policy Context

What is being done and why?

The Church of England Redress Scheme

5.1 The Church of England approached the Department to request that an indefinite capital and income disregard be introduced for their Redress Scheme[2]. Following consideration, Ministers agreed that payments under the Scheme should be subject to an indefinite income and capital disregard.

5.2 The Church of England Abuse Redress Measure 2025[3] provides the legislative architecture for a national scheme for victims and survivors of Church-related abuse. It delivers on the commitment reaffirmed by the Church in its response to the Independent Inquiry into Child Sexual Abuse[4]. The scheme will be underpinned by up to an initial £150 million provided by the national Church and the framework would result in individual awards of between £5,000 and, in rare and exceptional circumstances, £660,000.

Scheme Design

5.3 The Scheme recognises six categories of abuse (physical, sexual, emotional or psychological, spiritual, neglect and maltreatment and financial). The tariff applied will operate as follows:

- **Stage 1:** an award is made for the nature of abuse suffered, taking into account the general circumstances of the abuse.
- **Stage 2:** a multiplier will be applied, if appropriate, to take into account any additional aggravating features of the abuse.
- **Stage 3:** a further award will be added, if appropriate, to take into account the impact of the abuse.

5.4 The total award will be assessed by the following formula: Stage 1 x Stage 2 + Stage 3 and an uplift of 20% may also be applied to the total award in discrete circumstances.

5.5 The eligible applicant's award will also be assessed with reference to the highest applicable bracket achieved at each stage of the financial framework and not on a cumulative or additive basis.

Next of kin

5.6 Where an applicant dies before their application has been determined, the application may still be continued. Priority to continue the application will normally pass first to a surviving spouse or civil partner, then to a surviving child and, where neither is able or willing to act, to the deceased's personal representative.

5.7 A personal representative can continue an application that was submitted before the applicant's death. However, they cannot submit a new application on behalf of someone who has already died.

5.8 Where a personal representative continues the application, any award will normally form part of the deceased person's estate. If the application is instead continued by a

[2] www.churchofengland.org/safeguarding/redress-scheme
[3] www.legislation.gov.uk/ukcm/2025/4
[4] https://www.churchofengland.org/safeguarding/reviews-and-reports/independent-inquiry-child-sexual-abuse

surviving partner or child, the award will generally be paid outside the estate, subject to the detailed rules of the scheme.

Disregarding the schemes payments

5.9 Payments made under the Redress Scheme may affect entitlement to means-tested benefits in different ways depending on the circumstances in which they are received and retained. Where a payment is first received, it may fall to be treated as income for benefit purposes. For this reason, these Regulations amend both the income and capital provisions across the relevant social security legislation to ensure that payments made under the Scheme to applicants and their next of kin do not adversely affect entitlement.

5.10 In addition, consequential amendments are being made to related provisions within the benefits system, including those concerning housing costs, non-dependant deductions and notional income and capital. These amendments ensure that payments made under the Scheme are consistently disregarded throughout the relevant benefit calculations and that recipients are not disadvantaged through the operation of associated rules.

5.11 Although the Department's legislation does include disregards in relation to personal injury or specified compensation schemes, it is not sufficient to cover the payments being made via the Redress Scheme. This means that, without amendment, payments made by the scheme would either reduce or remove some recipients' entitlement to means-tested benefits.

5.12 Based on this and the fact that the Redress Scheme is comparable with previous schemes that have received a disregard, Ministers therefore agreed that payments made under the Scheme should be disregarded indefinitely as income and capital when calculating entitlement to the relevant means-tested benefits.

5.13 As the Redress Scheme is a new scheme, claimants who are entitled to means-tested benefits, whether existing recipients or new claimants, will be able to benefit from the indefinite income and capital disregard.

5.14 The Regulations will come into force on whichever is the later of 31 October 2026 and the date on which section 12 of the Abuse Redress Measure 2025 comes into force. The Church of England expects to begin making payments from November 2026, ensuring that the disregard is in force before payments are made under the Scheme.

What was the previous policy, how is this different?

5.15 The Department has previously introduced regulations that provide for an indefinite capital and income disregard for similar compensation and support payments made to people affected by the Historical Institutional Abuse compensation scheme (HIA) [5].

5.16 The Church of England Redress Scheme is a similar type of scheme, as both are designed to provide recognition, apology and financial compensation to individuals who experienced abuse within institutions. Like the HIA scheme, the Redress Scheme acknowledges that organisations failed to protect vulnerable people and provides survivors with a route to redress through an independent process. Introducing

[5] Both are designed to provide recognition, apology and financial compensation to people who experienced abuse within institutions. Like historical institutional abuse schemes, the Church of England scheme acknowledges that organisations failed to protect vulnerable people and aims to offer survivors a route to redress through an independent process.

legislation to cover the Redress Scheme will allow payments made under it to be disregarded in the same way as payments made under the HIA scheme.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument amends the following instruments so that payments under the Redress Scheme are disregarded under the relevant income and capital rules:

- the State Pension Credit Regulations 2002[6],
- the Housing Benefit Regulations 2006[7],
- the Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006[8],
- the Employment and Support Allowance Regulations 2008[9] and
- the Universal Credit Regulations 2013[10].

6.2 It also makes related amendments to provisions on housing costs, non-dependant deductions and notional income and capital.

Why was this approach taken to change the law?

6.3 This is the only possible approach to make the necessary changes.

6.4 By doing so it allows for payments made via the Redress Scheme to be indefinitely disregarded as capital and income when calculating entitlement to certain means-tested benefits. The scheme may, in limited circumstances, extend to next of kin.

6.5 This may arise where an application is continued following the death of the original applicant by a surviving spouse, civil partner, child or personal representative in accordance with the rules of the scheme. Where a payment is subsequently made to, or for the benefit of, those individuals, including where an award forms part of the deceased person's estate, the payment will also benefit from the income and capital disregard.

6.6 Similar amendments were made by The Social Security (Income and Capital Disregards) (Amendment) Regulations 2023[11] so payments made by analogous schemes relating to historical abuse could be disregarded in a similar way.

6.7 Since then, payments from the Ministry of Defence's Lesbian, Gay, Bisexual and Transgender Financial Recognition Scheme (the Social Security (Income and Capital Disregards) (Amendment) Regulations 2025[12]) and miscarriage of justice compensation schemes (the Social Security (Income and Capital Disregards) (Amendment) (No. 2) Regulations 2025[13]) have also been disregarded as capital and income indefinitely within means-tested benefits.

[6] https://www.legislation.gov.uk/uksi/2002/1792/contents
[7] https://www.legislation.gov.uk/uksi/2006/213/contents
[8] https://www.legislation.gov.uk/uksi/2006/214/contents
[9] https://www.legislation.gov.uk/uksi/2008/794/contents
[10] https://www.legislation.gov.uk/uksi/2013/376/contents
[11] https://www.legislation.gov.uk/uksi/2023/640/contents/made
[12] https://www.legislation.gov.uk/uksi/2025/44/contents/made
[13] https://www.legislation.gov.uk/uksi/2025/778/contents/made

7. Consultation

Summary of consultation outcome and methodology

7.1 As part of the statutory duty referenced within the Social Security Administration Act 1992 [14] the Department has to consult the Social Security Advisory Committee (SSAC) when changes to certain legislation are made. The Department presented the draft regulations to SSAC[15] on 9th September 2026 and they did not take the regulations on formal reference.

7.2 The Department also has a statutory duty[16] to consult the Local Authority Associations on any amendments to Housing Benefit Regulations. This was carried out between 21st August 2026 and 25th September 2026. The Associations raised no concerns.

8. Applicable Guidance

8.1 Guidance for staff and decision makers in the Department and for Local Authorities will be updated both internally and on gov.uk[17] for when these regulations come into force.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because these regulations have no, or no significant, impact on the private, voluntary or public sector.

Impact on businesses, charities and voluntary bodies

9.2 There is no, or no significant, impact on businesses, charities or voluntary bodies as this change is comprised of limited-scale, beneficial amendments to social security regulations, unrelated to businesses, charities and voluntary bodies.

9.3 The legislation does not impact small or micro businesses.

9.4 There is no, or no significant, impact on the public sector because disregarding payments made by the Redress Scheme, from the calculation of means-tested benefits, will be undertaken by the Department and Local Authorities within current resources.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The Department does not plan a formal review because the amendments are limited in scope and ensure that specified redress payments are disregarded when calculating benefit entitlement. The operation of the disregards will be monitored through normal departmental processes.

10.2 The instrument does not include a statutory review clause.

[14] https://www.legislation.gov.uk/ukpga/1992/5/contents
[15] https://www.gov.uk/government/collections/social-security-advisory-committee-minutes-of-meetings
[16] https://www.legislation.gov.uk/ukpga/1992/5/contents
[17] https://assets.publishing.service.gov.uk/media/67d982dba87d546feeda0193/admh2.pdf

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").