

CHANGES IN MANNER OF PAYMENT - TRANSITIONAL AND ADJUSTING PAYMENTS

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BACKGROUND

- 1 The Department is changing the way most working-age benefits are paid to minimise the potential disruption caused when claimants move between different benefits. For determinations made from 6.4.09 on new claims, benefits will generally be paid fortnightly in arrears and the payday will be determined on the basis of the claimant's NI number¹.

1 Social Security (Claims and Payments) Amendment Regulations 2009; S.I. 2009 No. 604

- 2 From 6.4.09 payment on existing awards of benefit will be converted over a period of time¹. This memo gives
 1. background information on transitional payments to be made when certain existing benefit payments are changed from being made weekly in advance to weekly in arrears. These payments will not be recovered, **and**
 2. guidance on adjusting payments of benefit which may be made when benefit payments are changed from weekly in arrears to fortnightly in arrears. These are then recovered from subsequent payments of benefit.

1 Social Security (Transitional Payments) Regulations 2009; S.I. 2009 No. 609

TRANSITIONAL PAYMENT

- 3 When payment of IS, WMA, WPA and WP¹ is changed from weekly payments in advance to weekly payments in arrears², the claimant will receive a transitional payment³. NB. There is no DM's decision and no appeal rights.

1 SS (Transitional Payments) Regs, reg 2(2); 2 reg 2(1); 3 reg 2(3)

- 4 The transitional payment is a payment by way of compensation, not a payment of benefit, although it is based on the gross amount of benefit paid in respect of the last seven days for which benefit was payable in advance¹.

1 reg 2(4)

- 5 The gross amount of benefit¹ is the weekly amount of benefit payable to the claimant before any deductions

1. of mortgage interest²
2. from benefit and paid to third parties³
3. in respect of recovery of overpayments and social fund loans⁴.

1 reg 2(5); 2 SS (C&P) Regs, reg 34A; reg 34B; 3 reg 35; 4 SS A Act 92, s 71, s 74, s 78

ADJUSTING PAYMENT OF BENEFIT

- 6 When payment of IB, IS, SDA, WMA, WPA and WP¹ is changed from weekly payments in arrears to fortnightly payments in arrears² under relevant legislation³, the claimant is entitled to an adjusting payment of benefit as long as they request one⁴ before the day on which the first fortnightly payment is due⁵ but see paragraph 8 below. The adjusting payment is recoverable – see paragraph 10 below. The request for an adjusting payment is considered by a DM who will give a decision which carries appeal rights.

*1 SS (Transitional Payments) Regs, reg 3(2); 2 reg 3(1); 3 SS (C&P) Regs, reg 22A(1); reg 24(1); Sch 7;
4 SS (Transitional Payments) Regs, reg 3(3); 5 reg 3(4)*

- 7 The amount of the adjusting payment is the claimant's net weekly benefit payable in respect of the last period of seven days for which benefit was payable weekly in arrears, rounded up so that it is divisible by 12¹.

1 reg 3(5)

Example

The net weekly payment of IB is £75.40 which is rounded up to £75.48.

- 8 No adjusting payment of benefit is payable if the claimant's net weekly benefit is less than £4.00 in respect of the period of seven days which ends on the claimant's final payday for weekly payment¹.

1 SS (Transitional Payments) Regs, reg 3(6)

- 9 "Net weekly benefit" means¹ the amount of weekly benefit payable to the claimant after any deductions –

1. of mortgage interest²
2. from benefit and paid to third parties³
3. in respect of recovery of overpayments and social fund loans⁴.

1 reg 3(7); 2 SS (C&P) Regs, reg 34A; reg 34B; 3 reg 35; 4 SS A Act 92, s 71, s 74, s 78

RECOVERY OF ADJUSTING PAYMENT OF BENEFIT

- 10 The adjusting payment of benefit is recovered by an adjustment in subsequent payments of benefit¹.

1 SS (Transitional Payments) Regs, reg 4(1)

The adjustment period

- 11 The adjustment of the claimant's benefit payments is carried out over a period of 12 consecutive weeks¹ starting with the second fortnightly payment due to be received².

1 reg 4(2); 2 reg 4(3)

- 12 Although the adjustment period is normally 12 weeks, recovery of the whole of the adjusting payment or the residue of it, if it has been partly recovered, may take place from the same benefit over any period of time¹.

1 reg 4(5)

Rate of recovery

- 13 The claimant's weekly benefit entitlement is reduced during the adjustment period by 1/12th of the adjusting payment of benefit¹.

1 SS (Transitional Payments) Regs, reg 4(4)

Example

The adjusting payment of IB was £75.48 The claimant's weekly benefit entitlement is reduced by £6.29 during the adjustment period.

ANNOTATIONS

Annotate the number of this memo – Memo DMG 15/09 against the main heading of DMG 08000.

CONTACTS

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, GS36, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in Memo DMG 26/08 - Obtaining legal advice and guidance from DMA Leeds.

DMA Leeds: April 2009