

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

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HB/CTB A8/2011

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
ACTION	For information
SUBJECT	New Enterprise Allowance The Social Security (Miscellaneous Amendments) Regulations 2011 (SI 2011 No 674) Tax Credits Uprating A26/2010

Guidance Manual

The information in this circular does affect the content of the HB/CTB Guidance Manual. Please annotate this circular number against *BP2 paragraphs P2.582 and P2.630; BP3 paragraphs P3.180 and P3.250; BW2 paragraphs W2.580, W2.630 and W2.590; BW2 Annex B; and BW3 paragraphs W3.164 and W3.250.*

Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>
- have any queries about the
 - **technical content of this circular**, contact Amanda Elias for all items (except for the New Enterprise Allowance item, which has contact details at the end of the article)

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New Enterprise Allowance

- 1 New Enterprise Allowance (NEA) will provide help and support for Jobseeker's Allowance (JSA) customers who want to start their own business.
- 2 The current JSA self employment support ended on 31 March 2011 although Self-Employment Credit payments that started on that date will continue for the full 16 week period subject to conditionality. These payments continue to be disregarded.
- 3 The NEA will be available to people who have been claiming JSA for more than six months. It will provide access to business mentoring and offer financial support.
- 4 The financial support from NEA will consist of a weekly allowance payable for up to 26 weeks (worth up to £1,275) and a low cost loan (worth up to £1,000) to help with initial start up costs.
- 5 The weekly payment will be payable under Section 2 of the Employment and Training Act, 1973 and as such will be disregarded as income other than earnings (HBR Sch 5 para 13; CTBR Sch 4 para 14) for HB and CTB purposes. As a business asset, there is provision in HB/CTB Regs (HBR Sch 6 para 8; CTBR Sch 5 para 8) to also disregard the loan. It should only be considered when calculating net business profit (HB Reg 38).
- 6 We have been trailblazing the NEA in Merseyside since 31 January 2011. The NEA will be rolled out across Great Britain from April, initially throughout the Get Britain Working target areas and then across the rest of Great Britain from autumn this year.
- 7 Further information about the NEA can be found on the DWP website at: <http://www.dwp.gov.uk/adviser/updates/new-enterprise-allowance/>
- 8 Please direct any queries about this item to GETBRITAINWORKING@DWP.GSI.GOV.UK

The Social Security (Miscellaneous Amendments) Regulations 2011 (SI 2011 No 674)

Introduction

- 9 This item provides details of the Social Security (Miscellaneous Amendments) Regulations which were laid before Parliament on 10 March 2011 and came into effect this month (April 2011).

- 10 The regulations introduce a limited number of changes to the HB and CTB regulations (for persons of working age (WA) and for persons who have attained the qualifying age for State Pension Credit (SPC)). The changes
- make it clear that enhanced disability premium should continue to be included in the assessment for a period of 8 weeks after the death of a child for whom Child Benefit was being paid (see paragraph 13 below)
 - remove obsolete references to the Child Maintenance Bonus (see paragraph 17 below)

Coming into force

- 11 The changes are in SI 2011 No 674. They came into force
- on **4 April 2011** where rent is payable at intervals of a week or any multiple of whole weeks
 - on **1 April 2011** where rent is payable at any other interval
- 12 The SI can be downloaded from the website of the Office of Public Information at <http://www.opsi.gov.uk/stat.htm>

Run on of Enhanced Disability Premium

- 13 Where child allowances and premiums are included in the assessment and a child dies, the intention is that these may continue for a further 8 weeks whilst Child Benefit remains in payment. This includes any Disabled Child Premium and Enhanced Disability Premium that was included in the assessment for the child immediately before their death.
- 14 We understand that this does happen operationally, but the continuation of the payment of Enhanced Disability Premium is not currently provided for in regulations as entitlement is linked to the award of Disability Living Allowance (DLA). DLA has no run on and ceases on the death of a child.
- 15 We amended the HB/CTB Regulations (SI 2003 No 1731) to link payment of the Disabled Child Premium with the eight-week run on of Child Benefit to allow this premium to continue in payment after DLA ceases, but a similar amendment was not made to the Enhanced Disability Premium. SI 2011 No 674 amends regulations to ensure the Enhanced Disability Premium can also continue to be paid following the death of a child during the eight-week run on of Child Benefit.
- 16 From April 2011 local authorities should, following the death of a child and where not already doing so, continue to award the Enhanced Disability Premium during the eight-week run on of Child Benefit.

Removal of references to the Child Maintenance Bonus

- 17 These regulations remove from the WA regulations out of date references to the Child Maintenance Bonus scheme. These payments were replaced by the Child Maintenance Premium and, since October 2008, all child maintenance payments have been fully disregarded in WA HB/CTB.

Tax credits

Abolition of the baby element in Child Tax Credits

- 18 [HB/CTB Circular A26/2010](#) (which replaced guidance provided in circular A19/2010) clarified the position regarding HB/CTB and the removal of the additional family premium for a child aged less than one (also known as the baby element) in HB/CTB. The circular confirmed that the baby element was being removed in HB/CTB to correspond with the abolition of the baby element in Child Tax Credit (CTC) from April 2011.
- 19 This circular confirms that regulations to remove the baby element in CTC, the Tax Credits Up-rating Regulations 2011 (SI 2011 No.1035), have been laid and took effect from 6 April 2011.

Tax credit renewals

- 20 From 6 April 2011 the method for renewing tax credits is changing for customers who have been in receipt of Income Support (IS), income-based JSA (JSA(IB)), income-related Employment and Support Allowance (ESA(IR)) or Pension Credit for the entire tax year 2010/11.
- 21 Tax credit customers receiving just the basic family element have always had their claim auto renewed. All other customers are required to confirm their income for the past and future tax year when they renew their claim for tax credits. This will continue for all customers except those in receipt of IS, JSA(IB), ESA(IR) or Pension Credit. If the customer is in receipt of any of these benefits their tax credits claim will be automatically renewed. They will only be expected to contact HMRC if their circumstances have changed. Their tax credits will be uprated but they will no longer receive a separate tax credits award notice. The annual review form (TC603R) will show the amount of money they will receive. It is expected that this will help to reduce the volume of calls to the HMRC help-line and it should also avoid benefit customers falling into hardship if they forget to renew their tax credits claim.
- 22 This change to tax credits should not have a significant impact on local authorities because the affected customers will be on an income-related benefit and will be passported. Where appropriate, in standard cases local authorities should continue to use the Customer Information System (CIS) to take into account the actual amount of tax credits in payment.

One-off payments

- 23 Some local authorities have reported an increase in the number of customers receiving one-off payments of tax credits.
- 24 For example, in January, such payments were made as a result of the changes HMRC made to their computer system in preparation for the changes to tax credit income thresholds and tapers which are effective from April 2011.
- 25 Those customers affected have as a result received a one-off payment which is less than their regular instalment and paid on a different payment date. This will have been followed by reduced instalments for the remainder of the 2010/11 tax year. A copy of the text included in the notification sent by HMRC is attached at Appendix A.
- 26 These recalculation exercises should be regarded as no different to adjustments to payments of tax credits made for normal changes of circumstance except they will affect a large number of customers at the same time. Local authorities should continue to use CIS to take into account the actual amount of tax credits in payment and treat these one-off payments of tax credits in the normal way.

Uprating circular A26/2010

Description for non-dependant deductions

- 27 Appendix A of [HB/CTB Circular A26/2010](#) provides the April 2011 rates that apply to the definition for each of the non-dependant deductions. One of the definitions for a nil deduction is given as "*not in receipt of main phase ESA(IR)*".
- 28 We would like to clarify that, because an age exception (provided for in HB Reg 74(8)) applies to this definition, a nil deduction only applies if the non-dependant is under the age of 25. Those over age 25 (where no other exceptions apply) will fall to be treated under HB Reg 74(1)(b) which provides for a minimum deduction of £9.40 from April 2011 where a non-dependant is not in remunerative work and does not fall within the exceptions provided for in HB Reg 74. The definition should therefore read "under 25 and *not in receipt of main phase ESA(IR)*".

Appendix A

A change to your tax credit payments

Between now and the end of January 2011 you may receive a payment of tax credits you were not expecting. It will not be the same as your normal amount and could be paid on a different day. This extra payment is as a result of changes we needed to make to our system in preparation for next year.

What this means for you

This is nothing to worry about and you will not be asked to pay it back.

It will mean that the remainder of your normal payments, until April 2011, will be slightly lower to take this payment into account. The total amount of tax credits you are entitled to has not changed and all the other tax credit payments that you receive from us will be paid on your normal payment date. You will not get a new award notice reflecting this change.

What you need to do

There is no need to contact us or reply to this letter.

For information about tax credits go to **www.hmrc.gov.uk/taxcredits**