

**Rt Hon. Sir Stephen Timms MP**  
**Minister for Social Security and Disability**

Caxton House  
Tothill Street  
London  
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**Dr Stephen Brien**

Chair, Social Security Advisory Committee

**5<sup>th</sup> December 2024**

Dear Stephen,

**The Social Security (Infected Blood Capital Disregard) (Amendment)  
Regulations 2024**

Further to your letter dated 18<sup>th</sup> September, I am writing to provide you with a full response to the issues you raised.

Your letter set out the following short-term concerns expressed by the Committee:

**Whether reliance on payments to “estates” is sufficient to cover issues where there are a number of beneficiaries to an estate, where the will is contested or where someone has died intestate or in bankruptcy.**

The decision to make interim payments to a single estate representative is set out in the Victims and Prisoners Act 2024. It was considered by Parliament to be the most effective way to quickly make interim payments as recommended by Recommendation 12 of the Infected Blood Inquiry’s 2nd Interim Report. This was fully debated in the House of Lords during passage of the Bill, including consideration of amendments which would have required payments to be made directly to individual beneficiaries such as parents, children or siblings. During these debates, the then Government Minister taking part advised that making direct payments to all beneficiaries would not be deliverable.

From a Departmental perspective - the DWP does not decide who the compensation payment goes to - we simply assess a disregard once the payment is received by the relevant beneficiary.

This means that whether or not a will is contested is not part of the Department's assessment process and nor is it our problem to resolve. If a will is contested or there is an issue of bankruptcy these are separate legal issues relating to intestacy laws - no money will be paid out to a beneficiary unless and until that is determined by that separate legal process.

Once resolved, the money will then be paid to the beneficiary, who, they also claim a means tested benefit will approach the DWP and then this compensation payment will be disregarded. This applies to an interstate scenario or multiple beneficiaries.

**A desire for greater clarity relating to the treatment of interest or income derived from capital. The Committee believes that an amendment may be required to the regulations to provide absolute clarity on the treatment of interest or income derived from capital for the avoidance of doubt.**

We have disregard regulations in place already that explicitly disregard interest and income derived from this capital. All disregards are dealt with the same under the regulations for the relevant benefit.

As the committee identified, the supporting guidance could be strengthened further by helpfully setting out some finer details.

Thanks to the Committee's helpful steers, we are enhancing existing guidance with clarifications on the treatment of interest or income derived from capital and how claimants can show that the whole interest payment derives from the compensation payment. To ensure we are providing guidance for existing claimants and people who may need to claim benefits in the future, we are also working closely with Cabinet Office so that this can be reflected in their guidance too.

**That a communication strategy is put in place that ensures that all beneficiaries – not just those currently on means-tested benefits - are clear on the treatment of this capital in the means-tested benefits system.**

The Infected Blood Compensation Authority (IBCA) is responsible for making final compensation payments to those eligible.

Part of their role includes providing support to beneficiaries should they have any questions about the process. The Department is working with IBCA to ensure that detailed information is provided to beneficiaries who may also be claimants of means tested benefits today (or in the future). This will cover the benefits disregard and how to engage with the Department to ensure it is applied correctly. We are also providing training for the new IBCA case managers to ensure they comfortable with these details.

**The current system for marking those customers who are also beneficiaries of these compensation payments is fit for purpose.**

Each means tested benefit for which the capital disregard applies has its own means of noting which customer are beneficiaries of payments from an Infected Blood Compensation scheme. These disregards have been effectively applied for years; therefore, we see no evidence that the system is not fit for purpose.

**For the DWP to explore the case for a legislative framework to be introduced which could be applied to all compensation schemes which shared similar characteristics or policy intent – as a future-proofing approach.**

In response to the Committee's comments, and an increase in Government-commissioned enquiries in recent years, the Department has formed a working group to explore a more structured legislative framework for how to create a consistent set of principles for Capital disregards for new compensation schemes.

Headed by Universal Credit policy, the group is made up of lawyers and benefits policy leads. In the past, a set of working principles to decide whether schemes fall within the special schemes for compensation category has been used. These principles will be used initially and then developed further as a result of the group's work.

As I am sure you will appreciate, this is a complex area, and a great deal of consideration is required before the Department can commit to such a framework. However, we would be happy to sight the Committee as this work progresses.

I trust these responses adequately answer the Committee's questions. Please extend my thanks and appreciation to the Committee for their continued scrutiny and support.

With all best wishes,

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