

DMG Chapter 46: ESA - Payment questions

Subpages

- General rules 46001 - 46040
- Part-week payments ESA 46041 - 46130
- Third party deductions 46131 - 46999

General rules 46001 - 46040

Subpages

- Introduction 46001 - 46010
- When entitlement begins 46011 - 46024
- Change of circumstances 46025 - 46030
- When entitlement ends 46031 - 46040

Introduction 46001 - 46010

Introduction

46001 There are some payment questions that apply only to claims for ESA. This Chapter deals with those questions.

46002 Guidance on the other general rules that also apply can be found in other Chapters. For example those governing the

- 1.** period of an award (see DMG Chapter 02)
- 2.** time and manner of payment (see DMG Chapter 08)
- 3.** payment of small amounts of benefit (see DMG Chapter 08)
- 4.** question of revision or supersession (see DMG Chapter 04)
- 5.** usual effects of a change in circumstance (see DMG Chapter 04).

46003 - 46010

When entitlement begins 46011 - 46024

[Meaning of benefit week](#) 46012 - 46020

[Period for which benefit is calculated](#) 46021 - 46023

[Date entitlement begins](#) 46024

46011 ESA is a weekly benefit that is normally paid for complete weeks (benefit weeks). See DMG 46041 et seq for guidance on when payment may be made for part-weeks.

Meaning of benefit week

46012 Benefit week means a period of seven days ending on any such day as the DM may direct¹.

1 ESA Regs, reg 2(1)

46013 DMG 46012 applies but for the purposes of calculating any payment of income where benefit week will mean

1. on the day before the first day of the first benefit week following the date of claim **or**
2. on the last day on which an ESA is paid if it is in payment for less than a week¹.

1 ESA Regs, reg 2(1)

46014 - 46020

Period for which benefit is calculated

46021 ESA must be paid fortnightly in arrears¹ on the day of the week determined in accordance with DMG 46023. However the Secretary of State may in any particular case or classes of case, arrange for payment to be made other than fortnightly².

1 SS (C&P) Regs, reg 26C(1); 2 reg 26C(3)

46022 When benefit is paid in arrears, the period up to and including the BWE is used. That is the seven days ending on the last day of the benefit week.

46023 The day is determined by the last two numbers of the NINO as follows¹

00 to 19 Monday

20 to 39 Tuesday

40 to 59 Wednesday

60 to 79 Thursday

80 to 99 Friday

However the Secretary of State can arrange in any particular case or class of cases for payment to be made on any day of the week².

1 SS (C&P) Regs, reg 26C(2); 2 reg 26C(3)

Date entitlement begins

46024 A person is not normally entitled to ESA for the first seven days (waiting days) at the beginning of a PLCW¹. This means that entitlement to ESA does not start until the day after those seven waiting days.

Note: Please see guidance in Chapter 41 on waiting days¹ and linking rules².

1 ESA Regs, reg 144, 2 reg 145

Change of circumstances 46025 - 46030

46025 A change in the claimant's circumstances can give grounds to supersede the award¹ in ESA. The normal rules on supersession are in DMG Chapter 41.

1 SS Act 98, s 10

46026 - 46030

When entitlement ends 46031 - 46040

46031 The date a supersession takes effect is usually the first day of a benefit week¹.

1 SS CS (D&A) Regs, reg 7 & Sch 3C, paras 1 & 7

46032 DMG Chapter 04 gives guidance on the rules that apply and the exceptions to those rules. The date entitlement ends is such an exception.

46033 Entitlement may end or be expected to end for a reason other than a change in income or applicable amount. For example the claimant may start work. See DMG Chapter 04 for full guidance on the date supersession takes effect when entitlement ends.

46034 - 46040

Part-week payments ESA 46041 - 46130

Subpages

- Introduction and definitions 46041 - 46044
- Reductions in certain cases 46045 - 46050
- Part-week payments at the beginning of an award 46051 - 46080
- Part-week payments at the end of a claim 46081 - 46100
- Part-week payments on change of benefit week 46101 - 46130

Introduction and definitions 46041 - 46044

[Introduction](#) 46041

[Definitions](#) 46042 - 46043

[Who can get a part-week payment](#) 46044

Introduction

46041 This section gives guidance on how to calculate part-week payments of ESA.

Definitions

Meaning of notional entitlement

46042 In this guidance notional entitlement means

1. in ESA(Cont), the claimant's personal rate
2. in ESA(IR), the amount by which the applicable amount exceeds income.

What is the relevant week

46043 Part-week payment calculations are based on the claimant's notional entitlement during the relevant week¹ (sometimes known as the notional benefit week). The period covered by the relevant week depends on when the need for a part-week payment arises. For a part-week payment

1. at the beginning of an award, the relevant week is defined in DMG 46052
2. at the end of an award, the relevant week is defined in DMG 46082
3. on a change of benefit week, the relevant week is defined in DMG 46103.

Who can get a part-week payment

46044 Most ESA claimants will be able to get part-week payments.

Reductions in certain cases 46045 - 46050

[Applications for hardship payments - ESA\(IR\) only](#) 46045

[Payment of ESA\(Cont\) for days of regular treatment](#) 46046 - 46060

Applications for hardship payments - ESA(IR) only

46045 The amount of ESA payable¹ in respect of a part-week, where a disqualification is made under specified legislation², is

1. one seventh of the ESA which would have been paid for the part-week if

1.1 there was no disqualification **and**

1.2 it was not a part-week

multiplied by

2. the number of days in the part-week in respect of which no disqualification is to be made.

1 ESA Regs, reg 168; 2 reg 157

Example

Paul is disqualified from ESA because he failed to attend a medical recommended by his doctor, and had no good cause for not attending. His weekly entitlement to ESA is £71.70. Paul needs a part-week payment for three days. The calculation is

1. £71.70 divided by 7

Multiplied by

2. 3 (number of days of the part-week)

The part-week payment is £30.73

Payment of ESA(Cont) for days of regular treatment

46046 Where a claimant entitled to ESA(Cont) is treated as having LCW because they receive or are recovering from regular treatment (see DMG Chapter 42) any part week payment will be the

1. claimant's entitlement to ESA(Cont) divided by seven multiplied by
2. number of days in that week on which the claimant was receiving or recovering from that treatment, but that does not include any day during which the claimant does work¹.

1 ESA Regs, reg 169

Example

If a claimant has one day of treatment that claimant would receive one day of ESA(Cont). Where a claimant has one day of treatment and two days recovery, that claimant would receive three days ESA(Cont).

46047 - 46050

Part-week payments at the beginning of an award 46051 - 46080

[Period covered](#) 46051

[The relevant week](#) 46052

[Personal rate in the relevant week - ESA\(Cont\)](#) 46053 - 46054

[Applicable amount in the relevant week - ESA \(IR\)](#) 46055 - 46060

[Income in the relevant week](#) 46061 - 46070

[The part-week payment](#) 46071 - 46080

Period covered

46051 A part-week payment will be made at the beginning of an award if

- 1.** the day when entitlement begins is not the first day of the claimant's benefit week **or**
- 2.** benefit is awarded for a fixed definite period of less than a week.

Where **1.** applies the part-week payment begins on the first day of entitlement and ends on the day before the start of the first complete benefit week.

Where **2.** applies the part-week payment covers the period of the award.

The relevant week

46052 For part-week payments at the beginning of a claim, the relevant week is the period of seven days **ending** on the last day of the part-week period¹.

1 ESA Regs, reg 166(1)(a)

Example 1

Noel's entitlement to ESA begins on Monday 24 November. His benefit week runs from Friday to Thursday. A part-week payment is needed for the period Monday 24 to Thursday 27. The relevant week is Friday 21 to Thursday 27.

Example 2

ESA is awarded to Harry for the definite period Monday 10 November to Saturday 15 November. A part-week payment is needed for that period. The relevant week is Sunday 9 to Saturday 15.

Personal rate in the relevant week - ESA(Cont)

46053 Calculate the claimant's personal rate in the relevant week in the normal way.

46054 Where the applicable amount includes a fraction of a penny treat that fraction as a penny¹.

1 ESA Regs, reg 3(b)

Applicable amount in the relevant week - ESA (IR)

46055 Calculate the claimant's applicable amount in the relevant week in the normal way (see DMG Chapter 44).

46056 Where the applicable amount includes a fraction of a penny treat that fraction as a penny¹.

1 ESA Regs, reg 3(b)

46057 - 46060

Income in the relevant week

46061 Calculate the claimant's income in the normal way **but**

- 1.** treat any income due to be paid in the relevant week as paid on the first day of that week¹ **and**
- 2.** when only part of the weekly income is taken into account in the relevant week, disregard the balance².

1 ESA Regs, reg 167(a); 2 reg 167(f)

46062 [See [DMG memo 12/23](#)] In addition, to decide the amount of

1. ESA (Cont) payable, disregard in full any

1.1 WB

1.2 CA

1.3 TA

1.4 US

1.5 WPA

1.6 BSP

payable in the relevant week but not for any day in the part-week¹

2. ESA (IR) payable, disregard in full any

2.1 JSA

2.2 IS

2.3 MA

2.4 IB

2.5 SDA

2.6 ESA

2.7 UC

payable to the claimant or member of the family in the relevant week, but not for any day in the part-week².

Note: If JSA, ESA, IS, MA, IB, SDA or UC is payable for any day in the part-week it should be taken into account when calculating the part-week payment (see DMG 46074).

1 ESA Regs, reg 167(d); 2 reg 167(b)

Example

George is entitled to ESA(IR). He needs a part-week payment for two days as his entitlement begins earlier than the first day of his benefit week. His first complete benefit week runs from Thursday 6 November to Wednesday 12 November. He is entitled to ESA(IR) from Tuesday 4. A part-week payment is due for Tuesday 4 to Wednesday 5. The relevant week is Thursday 30 October to Wednesday 5 November. His wife receives IB in the relevant week (2nd to 3rd), but the payment does not cover any days in the part-week. The IB is disregarded in full when calculating income.

46063 Disregard the amount of any

1. ESA

2. JSA

3. IS

4. MA

5. IB

6. SDA

7. UC

payable to the claimant or partner in respect of any day in the part-week¹.

1 ESA Regs, reg 167(c)

46064 - 46070

The part-week payment

46071 There are different rules to calculate the amount of a part-week payment depending on whether ESA(Cont) or ESA(IR) is involved.

ESA(Cont)

46072 The part-week payment is the claimant's notional entitlement in the relevant week multiplied by the number of days in the part-week divided by seven **less** any

1. WB

2. CA

3. TA

4. US

5. WPA

6. BSP

payable for any day in the part-week¹.

1 ESA Regs, reg 165(3)

Example

Ruth is entitled to ESA(Cont). Her notional entitlement in the relevant week is £50.35. She needs a part-week payment for two days. WB is payable for both of those days. The weekly rate of WB is £28.00. Her part-week payment is

$$\frac{£50.35 \times 2}{7} = £14.386 \text{ less } \frac{£28 \times 2}{7} = £8.00$$

$$£14.386 - £8.00 = £6.386$$

the part-week payment is £6.39 (rounded up to the nearest penny).

46073 Where the part-week payment includes a fraction of a penny treat that fraction as a penny¹.

1 ESA Regs, reg 3(b)

ESA(IR)

46074 The part-week payment is

1. the claimant's notional entitlement for the relevant week multiplied by the number of days in the part-week and divided by seven (carry forward any fraction of a penny) **less**

2. any JSA, ESA, IS, MA, IB or SDA payable to the claimant or partner for any day in the part-week¹.

1 ESA Regs, reg 165(2)

46075 The amount deducted under DMG 46074 **2.** depends on whether the payment of JSA, ESA, IS, MA, IB or SDA is payable

1. solely for days in the part-week **or**

2. for a different period, but including all or part of the part-week period.

46076 Where DMG 46074 **1.** applies the amount deducted is the actual amount payable. Where DMG 46074 **2.** applies the amount deducted is¹ in the case of a payment of JSA, ESA, IS, IB, MA or SDA the weekly benefit rate multiplied by the number of days in the part-week actually covered by the payment and divided by seven.

1 ESA Regs, reg 165

Example

Robert is entitled to ESA(IR). His notional entitlement in the relevant week is £80.00. He needs a part-week payment for three days. His partner has been getting MA for several weeks. A weekly payment of MA, payable to her in the part-week, includes payment for two days in the part-week. The weekly rate of MA is £60.00. Robert's part-week payment is calculated

$$\frac{£80 \times 3}{7} = £34.286 \text{ Less } \frac{£60 \times 2}{7} = £17.143$$

£34.286 - £17.154 = £17.143

the part-week payment is £17.15 (rounded up to the nearest penny).

46077 [See [DMG memo 12/23](#)] Where the part-week payment includes a fraction of a penny treat that fraction as a penny¹.

1 ESA Regs, reg 3(b)

46078 - 46080

Part-week payments at the end of a claim 46081 - 46100

[Period covered](#) 46081

[The relevant week](#) 46082

[Personal rate in the relevant week - ESA\(Cont\)](#) 46083

[Applicable amount in the relevant week - ESA\(IR\)](#) 46084 - 46090

[Income in the relevant week](#) 46091 - 46092

[The part-week payment](#) 46093 - 46100

Period covered

46081 A part-week payment is needed at the end of a claim if

1. the day when entitlement ends is not the last day of the claimant's benefit week **or**
2. benefit is awarded for a definite period of a week or more which ends on a day other than the last day of the claimant's benefit week.

The part-week payment begins on the day after the last complete benefit week and ends on the last day of entitlement.

The relevant week

46082 For part-week payments at the end of a claim the relevant week is the period of seven days **beginning** on the first day of the part-week period¹.

1 ESA Regs, reg 166(1)(b)

Example

Katja's entitlement to ESA ends on Saturday 15 November. Her benefit week runs from Thursday to Wednesday. A part-week payment is needed for the period Thursday 13 to Saturday 15. The relevant week is Thursday 13 to Wednesday 19.

Personal rate in the relevant week - ESA(Cont)

46083 Calculate the claimant's personal rate in the relevant week in the normal way.

Applicable amount in the relevant week - ESA(IR)

46084 Calculate the claimant's applicable amount in the relevant week as in DMG 46054 - 46055.

46085 - 46090

Income in the relevant week

46091 Calculate the claimant's income in the relevant week in the normal way **but**

1. treat any income due to be paid in the relevant week as paid on the first day of that week¹ **and**

2. disregard in full

2.1 any new income first payable in the relevant week but not in the part-week² **and**

2.2 any change to an existing income which occurs in the relevant week but not in the part-week³.

1 ESA Regs, reg 167(a); 2 reg 167(e)(i); 3 reg 167(e)(ii)

Example

David's last day of entitlement to ESA(IR) is Thursday 4 December. His benefit week runs from Tuesday to Monday. He therefore needs a part-week payment for Tuesday 2 to Thursday 4. The relevant week is Tuesday 2 to Monday 8. He will receive his first payment of RP on Monday 8. As this new income is payable in the relevant week but not in the part-week it is disregarded in full.

46092 [See [DMG memo 12/23](#)] In addition, to decide the amount of

1. ESA(Cont) payable, disregard in full any

1.1 WB

1.2 CA

1.3 TA

1.4 US

1.5 WPA

1.6 BSP

payable in the relevant week, but not for any day in the part-week¹.

2. ESA(IR) payable, disregard in full any

2.1 JSA

2.2 IS

2.3 MA

2.4 IB

2.5 SDA

2.6 ESA

2.7 UC

payable to the claimant or member of the family in the relevant week but not for any day in the part-week².

Note: If JSA, IS, MA, IB, SDA, ESA or UC is payable for any day in the part-week it should be taken into account when calculating the part-week payment (see DMG 46074).

1 ESA Regs, reg 167(d); 2 reg 167(b)

The part-week payment

46093 Calculate the part-week payments for both ESA(Cont) and ESA(IR) as in DMG 46072 - 46076.

46094 - 46100

Part-week payments on change of benefit week 46101 - 46130

[Reasons for change](#) 46101

[Period covered](#) 46102

[The relevant week](#) 46103

[Personal rate in the relevant week - ESA\(Cont\)](#) 46104

[Applicable amount in the relevant week - ESA\(IR\)](#) 46105 - 46110

[Income in the relevant week](#) 46111 - 46120

[The part-week payment](#) 46121 - 46130

Reasons for change

46101 A change of ESA benefit week is needed when the DM directs that the benefit week should change during an award.

Period covered

46102 A part-week payment is made to cover the period beginning on the day after the last complete old benefit week and ending on the day before the first complete new benefit week¹.

1 ESA Regs, reg 166(1)

The relevant week

46103 For part-week payments on a change of benefit week in ESA, the relevant week is the period of seven days beginning on the day after the last complete benefit week¹.

1 ESA Regs, reg 166(2)

Example

Graham's benefit week runs from Tuesday to Monday. The DM directs that the benefit week should change to run from Saturday to Friday, with effect from Saturday 21 December. A part-week payment is

due for the period Tuesday 17 to Friday 20. The relevant week is Tuesday 17 to Monday 23.

Personal rate in the relevant week - ESA(Cont)

46104 Calculate the claimant's personal rate in the relevant week in the normal way.

Applicable amount in the relevant week - ESA(IR)

46105 Calculate the claimant's applicable amount in the relevant week in the normal way.

46106 Any change in the applicable amount because of any change of circumstances (for example death or marriage), which takes place between the end of the last complete old benefit week and the beginning of the first complete new benefit week will take effect from the first day of the relevant week.

46107 - 46110

Income in the relevant week

46111 Calculate the claimant's income in the relevant week in the normal way **but**

- 1.** treat any income due to be paid in the relevant week as paid on the first day of that week¹ **and**
- 2.** when only part of the weekly income is taken into account in the relevant week, disregard the balance².

1 ESA Regs, reg 167(a); 2 reg 167(f)

46112 [See [DMG memo 12/23](#)] In addition, to decide the amount of

- 1.** ESA(Cont) payable, disregard in full any

1.1 WB

1.2 CA

1.3 TA

1.4 US

1.5 WPA

1.6 BSP

payable in the relevant week, but not for any day in the part-week¹

2. ESA(IR) payable, disregard in full any

2.1 JSA

2.2 IS

2.3 MA

2.4 IB

2.5 SDA

2.6 ESA

2.7 UC

payable to the claimant or member of the family in the relevant week but not for any day in the part-week².

Note: If a payment of JSA, IS, MA, IB, SDA, ESA or UC is payable for any day in the part-week take it into account when calculating the part-week payment (see DMG 46121 - 46126).

1 ESA Regs, reg 167(d); 2 reg 167(b)

46113 - 46120

The part-week payment

ESA(Cont)

46121 [See [DMG memo 12/23](#)] The part-week payment is the claimant's notional entitlement for the relevant week multiplied by the number of days in the part-week divided by seven **less** any

1. WB

2. CA

3. TA

4. US

5. WPA

6. BSP

payable for any day in the part-week¹.

1 ESA Regs, reg 165(3)

46122 Where the part-week payment includes a fraction of a penny treat that fraction as a penny¹.

1 ESA Regs, reg 3(b)

ESA(IR)

46123 The part-week payment is the claimant's notional entitlement for the relevant week multiplied by the number of days in the part-week and divided by seven **less** any

1. JSA

2. IS

3. MA

4. IB

5. SDA or

6. ESA

payable to any member of the claimant's family for any day in the part-week¹.

1 ESA Regs, reg 165(2)

46124 The amount deducted under DMG 46123 depends on whether the payment of JSA, IS, MA, IB, SDA or ESA was payable

1. solely within the part-week or

2. for a period different from, but including all or part of, the part-week period.

46125 Where DMG 46123 **1.** applies the amount deducted is the amount actually payable. Where DMG 46124 **2.** applies the amount deducted is¹ in the case of a payment of JSA, IS, IB, MA, SDA or ESA the weekly benefit rate multiplied by the number of days in the part-week actually covered by the payment and divided by seven.

Note: See **Example** at DMG 46075.

46126 Where the part-week payment includes a fraction of a penny treat that fraction as a penny¹.

46127 - 46130

Third party deductions 46131 - 46999

Subpages

- General rules 46131-46170
- Third party deductions for housing costs 46171-46210
- Third party deductions for miscellaneous accommodation costs 46211-46240
- Third party deductions for hostel service charges 46241-46260
- Third party deductions for rent and service charges for fuel 46261-46295
- Third party deductions for fuel costs 46296-46360
- Third party deductions for water charges - England and Wales 46361-46398
- Third party deductions for water charges - Scotland 46399-46460
- Third party deductions for Council Tax 46461-46480
- Third party deductions for Community Charge 46481-46520
- Third party deductions for fines 46521-46570
- Third party deductions for eligible loan deduction scheme 46571-46620
- Third party deductions for integration loan scheme 46621-46999
- Appendix 1

General rules 46131-46170

[Payment to discharge claimant's liabilities](#) 46131 - 46135

[Liability for debt](#) 46136 - 46139

[Meaning of specified benefit](#) 46140

[ESA\(IR\)](#) 46141 - 46142

[ESA\(Cont\)](#) 46143 - 46150

[Amount of benefit to be left for claimant](#) 46151 - 46152

[Maximum amount for payment of debts \(arrears only\) ESA\(IR\) and ESA\(Cont\) where underlying entitlement to ESA\(IR\)](#) 46153-46154

[Consent required](#) 46155 - 46160

[Consent not required](#) 46161

[Priority between debts](#) 46162 - 46164

[Part-week payments](#) 46165 - 46170

Payment to discharge claimant's liabilities

46131 The DM has discretion to make deductions from benefit, under the third party deduction scheme, which are paid directly to third parties¹.

1 SS (C&P) Regs, reg 35(1)

46132 Deductions and payments to third parties can be made under the third party deduction scheme if the claimant or partner is liable to pay¹

1. housing costs
2. miscellaneous accommodation costs
3. hostel payments
4. rent arrears and service charges for fuel and water

5. fuel costs

6. water charges

7. Integrated Loan Scheme²

8. ELDS³.

1 SS (C&P) Regs, Sch 9, para 2(1); 2 para 7D; 3 para 7C

Note: See DMG 08501 – 08600 for deductions for CSM.

46133 ESA can also be paid direct for arrears of CC and CT payable by a claimant or partner (see DMG 46481 and DMG 46461), or for a claimant only for fines or compensation orders (see DMG 46521).

Note: Deductions cannot be made for a partner's or dependant's fine.

46134 When a decision is made to

1. start or

2. stop or

3. change

a third party deduction, this will be by way of a supersession of an earlier decision (see DMG Chapter 04).

46135

Liability for debt

46136 Deductions and payments to third parties can only be made if the claimant or partner is liable to pay the debt¹. A claimant or partner will normally be liable for a debt if named on the bill.

1 SS (C&P) Regs, Sch 9, para 2(1)

46137 A debt may be disputed by the claimant or partner. This is a factor for the DM to consider when deciding whether they are liable to pay the debt. Although the Department cannot get involved in the dispute, enquiries should be made of the third party.

46138 Give the claimant the opportunity to provide evidence to support any claim that the debt is not liable to be paid.

46139 Deductions should only be made where there is evidence that the claimant or partner is liable to

pay the debt.

Meaning of specified benefit

46140 Specified benefit means¹

1. ESA(IR) **or**

2. ESA(Cont) where

2.1 both ESA(IR) and ESA(Cont) are in payment and the ESA(IR) is insufficient for the purposes of making such deductions **or**

2.2 if there was no entitlement to ESA(Cont) there would be entitlement to ESA(IR) at the same rate.

1 SS (C&P) Regs, Sch 9, para 1(1) & 1(3); Criminal Justice Act 91, s 24

ESA(IR)

46141 The full range of third party deductions is available in ESA(IR).

ESA(Cont) - underlying entitlement to ESA(IR)

46142 The full range of third party deductions is available where, if there was no entitlement to ESA(Cont), there would be entitlement to ESA(IR) of at least the same rate.

ESA(Cont)

46143 Where ESA(IR) is not an issue, only three categories of third party deductions are available. These are

1. CC/CT arrears

2. fines.

46144 - 46150

Amount of benefit to be left for claimant

Specified benefit

46151 The claimant should be left with at least 10p **specified benefit** after third party deductions have been made¹. No deduction should be made if it would leave the claimant with less than 10p. But see DMG 46205 and DMG 46235 for when the deduction may be adjusted instead of not being made.

1 SS (C&P) Regs, Sch 9, para 2(2); Council Tax (Deductions from IS) Regs 93, reg 5(1)(b); Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1); Fines (Deductions from IS) Regulations 1992, reg 4(1)(b)

ESA(Cont)

46152 Where ESA(IR) is not an issue, the claimant need not be left with any ESA(Cont) after a deduction has been made. A deduction can be made if the amount of ESA(Cont) payable before the deduction is at least one third of the appropriate age-related amount. This is so even where the claimant would be left with nothing¹.

1 SS (C&P) Regs, Sch 9, para 7B; Council Tax (Deductions from IS) Regs 93, reg 5(2); Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(2); Fines (Deductions from IS) Regs 92, reg 4(2)

Maximum amount for payment of debts (arrears only) ESA(IR) and ESA(Cont) where underlying entitlement to ESA(IR)

46153 There is a maximum amount¹ for payment of **arrears** to third parties. That is 3 x 5% of the personal allowance for a single claimant aged 25 or over (see DMG Chapter 44). The total amount deducted for arrears should not exceed this amount. Arrears deductions include

1. arrears of

1.1 housing costs

1.2 rent

1.3 fuel

1.4 water **and**

2. CT (but not CC) **and**

3. fines **and**

4. Integrated Loan Scheme

5. ELDS.

Note: CC arrears do not count towards the 3 x 5% maximum.

1 SS (C&P) Regs, Sch 9, para 8(1)

ESA(Cont)

46154 Where ESA(Cont) is in payment and ESA(IR) is not an issue (see DMG 46143), the maximum total amount deducted for

1. CC/CT arrears **or**

2. fines.

cannot exceed one third of the appropriate age related amount payable.

Consent required

46155 Unless the claimant consents¹, third party deductions cannot be made for

1. housing costs arrears

2. rent arrears and service charges for fuel and water

3. fuel costs (including arrears)

4. water charges (including arrears)

5. Integrated Loan Scheme²

6. ELDS

where the total deduction for that item, or any combination of those items, exceeds 25% of the family's applicable amount.

Note: Any housing costs included in the applicable amount should not be taken into consideration when deciding whether third party deductions exceed 25% of the family's applicable amount³.

1 SS (C&P) Regs, Sch 9, para 8(2); 2 para 7C(12)(b);
3 para 8 (4)(a)(iv); ESA (TP, HB & CTB) (EA) (No. 2) Regs, Sch 4, para 1

46156 The amount of CTC and CHB entitlement should be added to the applicable amount when deciding if deductions exceed 25% of the total.

46157 - 46160

Consent not required

46161 The claimant's consent is not required if a deduction, or a combination of deductions, for

- 1.** CC or CT arrears **or**
- 2.** fines **or**
- 3.** current housing costs **or**
- 4.** care home or independent hospital charges **or**
- 5.** hostel charges not included in HB

makes the total amount deducted exceed 25% of the applicable amount for the family¹.

Note: For definition of independent hospital see guidance at DMG 33327.

1 SS (C&P) Regs, Sch 9, para 8

Priority between debts

46162 The claimant may satisfy the criteria for third party deduction of more than one debt. But the amount of benefit may not be enough to meet all those liabilities. The deductions should then be given a particular order of priority¹.

1 SS (C&P) Regs, Sch 9, para 9

46163 For ESA(IR) and ESA(Cont) with underlying entitlement to ESA(IR), the order of priority is¹

- 1.** housing costs
- 2.** miscellaneous accommodation costs
- 3.** hostel payments
- 4.** rent arrears and service charges for fuel
- 5.** fuel costs

6. water charges

7. CC or CT arrears

8. fines

9. Integrated Loan Scheme

10. ELDS.

1 SS (C&P) Regs, Sch 9, para 9(1B)

46164 Where ESA(Cont) is in payment and ESA(IR) is not an issue the order of priority is

1. CC/CT arrears

2. fines.

Part-week payments

46165 Third party deductions from part week payments of specified benefit can be made for

1. hostel payments¹ (see DMG 46241) **and**

2. miscellaneous housing costs² (see DMG 46211).

1 SS (C&P) Regs, Sch 9, para 4A(6); 2 Sch 9, para 4(3)

46166 Third party deductions to discharge any other liability cannot be made from part-week payments.

46167 - 46170

Third party deductions for housing costs 46171-46210

[Interests of the family](#) 46196-46197

[Definition of housing costs](#) 46198-46200

[Service charges](#) 46201-46203

[Amount of benefit to be left for claimant](#) 46204-46205

[Housing costs payments in arrears](#) 46206-46210

46171 Housing costs for which the claimant has a liability may be deducted from the specified benefit and paid direct where¹

1. the claimant or partner is in debt for a housing cost that is included in the applicable amount **and**
2. it is in the interests of the family to do so.

1 SS (C&P) Regs, Sch 9, para 3(1)

46172 Third party deductions for housing costs can include¹

1. a deduction for current housing costs **and**
2. an arrears deduction.

1 SS (C&P) Regs, Sch 9, para 3(2)

46173 Third party deductions should be considered for housing costs, if the debt is at least half the amount due yearly¹

Note: Third party deductions should be considered earlier if it is in the interests of the claimant or their family.

1 SS (C&P) Regs, Sch 9, para 3(4)

46174-46195

Interests of the family

46196 It will normally be in the interests of the claimant or their family to introduce third party deductions if there is

1. a history of persistent mis-spending **and**
2. a threat of eviction or repossession **and**
3. no other suitable method of dealing with the debt.

46197 Third party deductions will not normally be in the interests of the claimant or their family if they

1. show evidence of determination to clear the debt **or**
2. undertake to clear the debt themselves.

Definition of housing costs

46198 For third party deductions purposes housing costs are¹

1. rent or ground rent connected to long tenancies
2. service charges
3. rent charges, but only when paid with service charges
4. payments under co-ownership schemes
5. payments relating to a tenancy or licence of a Crown tenant.

Note: Ground rent should only be paid direct when paid with service charges.

1 SS (C&P) Regs, Sch 9, para 1(1)

46199-46200

Service charges

46201 Service charges can be made for many items including fuel and water. But not all such charges are housing costs for the purposes of third party deductions.

46202 A service charge for communal water charges is a housing cost for these purposes¹. For example

a charge to cover the communal supply of water for central heating. But water charges for the claimant's home which are paid with rent are not housing costs for these purposes. They are covered by separate provisions (see DMG 46261).

1 SS (C&P) Regs, Sch 9, para 1 & 3; ESA Regs, Sch 6, para 1(1)

46203 A service charge for fuel paid with rent is also not a housing cost for the purposes of deductions (see 46198 **3.**)¹. Deductions for water and fuel charges paid with rent are covered by separate provisions (see DMG 46261 et seq)².

1 SS (C&P) Regs, Sch 9, para 1 & 3; ESA Regs, Sch 6, para 18(2);

2 SS (C&P) Regs, Sch 9, para 5

Amount of benefit to be left for claimant

46204 The DM determines

- 1.** whether there is enough benefit in payment to make a deduction **and**
- 2.** the specified amount to be deducted.

46205 The amount deducted for housing costs may leave the claimant with less than the minimum amount (see DMG 46151). The amount of the deduction should then be adjusted so that 10p of the award is payable to the claimant¹.

1 SS (C&P) Regs, Sch 9, para 3(3)

Housing costs payments in arrears

46206 If claimants are in arrears with their housing costs payments, a standard deduction should be made and paid direct with the housing costs. The standard deduction is 5% of the personal allowance for a single person aged not less than 25¹. But deductions should only be made where the DM is satisfied that there are in fact arrears² of housing costs. In cases of dispute the DM should give the claimant the opportunity to provide evidence to support any claim that they are not in arrears.

1 SS (C&P) Regs, Sch 9, para 3(2); 2 R(IS) 14/95

46207 - 46210

Third party deductions for miscellaneous accommodation costs 46211-46240

[Meaning of miscellaneous accommodation costs](#) 46211

[Rules for third party deductions](#) 46212-46220

[Amount deducted - complete weeks](#) 46221-46222

[Personal expenses](#) 46223-46230

[Amount deducted - part-weeks](#) 46231-46233

[Amount of benefit to be left for claimant](#) 46234-46240

Meaning of miscellaneous accommodation costs

46211 Third party deductions for miscellaneous accommodation costs can be made¹ where the claimant has an award of ESA and is living in²

1. a care home **or**
2. an independent hospital **or**
3. an Abbeyfield Home **or**
4. the Ilford Park Polish Home³.

Note: For definition of independent hospital see guidance at DMG 33327.

1 SS (C&P) Regs, Sch 9, para 4(1)(b); 2 ESA Regs, reg 2(1); 3 Polish Resettlement Act 1947, s 3(1) and Part

Rules for third party deductions

46212 Where the claimant is living in accommodation mentioned at DMG 46211, part of the specified benefit (see DMG 46140) may then be deducted and paid to a third party. This can happen where¹

1. the claimant has failed to budget for the charges **and**

2. it is in the interests of the claimant or the family that third party deductions be made.

1 SS (C&P) Regs, Sch 9, para 4(1)

46213 Where a person enters a private home without any LA involvement any payment of third party deductions must be made to the home. Where the accommodation has been provided by the LA any third party deduction should be paid to the LA. This is so whether the person is in LA or non LA premises. However if the LA requests it, third party deductions can be paid to the home.

46214 Apart from the cases mentioned in DMG 46216, third party deductions can be considered **only** where the claimant has failed to budget for the accommodation charges. They cannot be made because of an expected debt. They also cannot be made where the landlord or claimant requests them simply for administrative convenience.

46215 A claimant may change address and be in debt to the former landlord. If so, any direct payments for that debt must stop. Third party deductions at the new address cannot be considered unless the claimant fails to pay the new weekly charge.

Polish homes and homes run by voluntary organizations

46216 The claimant may be living in accommodation

1. in the Ilford Park Polish Home **or**

2. run by a voluntary organization

2.1 for purposes similar to those for which resettlement units are provided **or**

2.2 providing facilities for alcoholics or drug addicts.

46217 Part of the specified benefit (see DMG 46140) may then be deducted and paid direct. In this type of accommodation failure to budget and the family's interests need not be considered.

46218 The claimant should be left with a minimum of 10p after the deduction has been made (see DMG 46151)¹.

1 SS (C&P) Regs, Sch 9, para 2(2)

46219 - 46220

Amount deducted - complete weeks

46221 The amount to be deducted from the specified benefit and paid direct in respect of miscellaneous accommodation costs¹ is the award of ESA less either

1. where the claimant is not living in an independent hospital (see DMG 46211 **2.**) an amount which, when added to any other income of the claimant, equals the personal expenses rate (see DMG 46223) **or**

2. in any other case, an amount in respect of personal expenses.

Note 1: Any other income is net income, for example after any disregards.

Note 2: For definition of independent hospital see guidance at DMG 33327.

1 SS (C&P) Regs, Sch 9 para 4(2)

46222 The claimant should be left with a minimum of 10p after the deduction has been made¹.

1 SS (C&P) Regs, para 4(4)

Personal expenses

46223 [[See Memo DMG 02/26](#)] The amount in respect of personal expenses¹, referred to in DMG 46221 is, for a

1. single person £32.30

2. couple where both members are in such accommodation, £32.30 each

3. polygamous marriage where more than one member is in such accommodation, £32.30 for each member who is in such accommodation.

Note: £32.30 is the rate deducted for the tax year 2025/2026. For all subsequent tax years the rates are shown in [Appendix 1](#).

1 SS (C&P) Regs, Sch 9, para 4(2A)

Example 1

Dorothy lives in a care home, has an applicable amount of £113.55 and has no income.

She must be left with the amount of personal expenses at the personal rate (£26.05). The amount to be paid direct is £87.50 (£113.55 - £26.05).

Example 2

William lives in a care home, has an applicable amount of £113.55 and net income of £6.00. The amount to be paid direct is

| | |
|--|---------|
| applicable amount | £113.55 |
| less William's income | £6.00 |
| ESA award | £107.55 |
| less payment to William (personal expenses minus income) | £20.05 |
| amount to be paid direct | £87.50 |

William is left with £26.05 (£6.00 + £20.05), which is the amount of his personal expenses.

Example 3

Simon lives in a care home provided, owned and managed by the LA, and has an income of £6.00 per week. He receives ESA of £107.55 (applicable amount £113.55 less income of £6.00). £81.50 is deducted and paid direct to the third party (ESA of £107.55 - £26.05 personal expenses). Simon retains £26.05 of his ESA for personal expenses.

46224 - 46230

Amount deducted - part-weeks

46231 Third party deductions for part-weeks (see DMG 46041 - 46125) can be made for miscellaneous accommodation costs¹. The amount deducted and paid direct for a part-week depends upon

1. whether the accommodation in which the claimant lives is described at DMG 46221 **1.** or **2. and**
2. whether the claimant has any income.

1 SS (C&P) Regs, Sch 9, para 4(3)

46232 In order to calculate the amount to pay direct to the third party for a part-week, the DM should calculate the amount of ESA due for the part-week and deduct¹

1. an amount which equals the appropriate proportion of the personal expenses **or**

2. an amount equal to the difference between the appropriate proportion of the claimant's income if any and an appropriate proportion of the amount allowed for personal expenses.

This will result in the claimant retaining a proportion of the weekly personal expenses amount.

1 SS (C&P) Regs, Sch 9, para 4(3A)

Example 1

Dilys lives in a care home. Her ESA is £113.55 and she has an income of £11.50 per week. She is due a part-week payment for 6 days.

The DM first calculates the part-week payment as follows:

ESA £113.55 less £11.50 = £102.05 divided by 7 and multiplied by 6 = £87.48 due for the part week.

The amount of the third party deduction is then calculated as follows:

£87.48 (the ESA due for the part-week) - £12.47 (the difference between 6/7ths of £11.50 and 6/7ths of £26.05) = £75.01. This is the amount paid to the third party.

Personal expenses of £12.47 are paid to the claimant.

Example 2

Morris lives in a care home which is provided, owned and managed by the LA. His ESA is £113.55 and he has a weekly income of £15.00. A part-week payment of 4 days is due.

The DM first calculates the amount of ESA due for the part-week:

ESA £113.55 less £15.00 = £98.55, divided by 7 and multiplied by 4 (the number of days in the part-week) = £56.32 ESA due for the part-week.

The DM then calculates the amount to pay to the third party as follows:

£56.32 (the amount of ESA due for the part-week) - £14.89 (4/7ths of £26.05) = £41.43 is the amount paid to the third party. Morris retains personal expenses of £14.89.

46233 No deduction will be made for a part-week period if the DM certifies that it would be impracticable to do so. See DMG 46041 for full guidance on part-week payments.

Amount of benefit to be left for claimant

46234 It may be that if the full amount is deducted for miscellaneous accommodation costs the claimant

would be left with less than 10p. This can happen where the deduction is being taken for a complete week or for a part-week and the claimant has income equal to or greater than the weekly personal expenses amount.

46235 Under the normal rules (see DMG 46151) no deduction should then be taken. But there is a special rule that applies in such circumstances. The amount of the deduction can be adjusted so that 10p of the award is payable to the claimant¹.

1 SS (C&P) Regs, Sch 9, para 4(4)

46236 - 46240

Third party deductions for hostel service charges 46241-46260

[Meaning of hostel](#) 46241-46244

[Rules for third party deductions](#) 46245

[Current charges](#) 46246-46249

[Arrears of hostel charges](#) 46250-46260

Meaning of hostel

46241 A hostel is¹ a building other than a care home, independent hospital or Abbeyfield Home which

1. is

1.1 managed or owned by a housing association registered with the Regulator of Social Housing or the Welsh Ministers² **or**

1.2 managed or owned by a social landlord registered with the Scottish Ministers³ **or**

1.3 operated other than on a commercial basis and funded wholly or partly by a government department or an LA **or**

1.4 managed by a voluntary organization or charity and provides care, support or supervision for the purpose of

1.4.a rehabilitation **or**

1.4.b resettlement within the community **and**

2. provides accommodation not in separate and self-contained premises and facilities adequate for the needs of those living in the hostel including

2.1 board **or**

2.2 water **or**

2.3 a service charge for fuel **or**

2.4 meals **or**

2.5 laundry or

2.6 cleaning (other than communal areas).

Note: For definition of independent hospital see guidance at DMG 33327.

1 SS (C&P) Regs, Sch 9, para 1(1); 2 Sch 9, para 1(1)(b)(i); 3 Housing (Scotland) Act 2001, sect 57

46242 For the purposes of DMG 46241 **1.4**, voluntary organization means¹ a body that is not a

1. public authority or

2. LA

whose activities are carried out otherwise than for profit.

1 SS (C&P) Regs, Sch 9, para 1(1)

46243 In deciding if the hostel is managed the DM may find it useful to know

1. the terms of the lease (if available)

2. details of how the hostel is staffed

3. who has responsibility for major and minor repairs

4. who does the accounts for the hostel.

46244 Staffing levels may be flexible but should be appropriate to the claimant's needs. Some hostels may be run with few staff. Others may need to be fully staffed with a great deal of administration. The time spent managing the hostel and the quality of care provided is also important.

Rules for third party deductions

46245 Part of the claimant's specified benefit (see DMG 46140) may be deducted and paid direct for hostel charges. This can include a deduction for

1. current hostel service charges¹ and

2. arrears of hostel charges².

1 SS (C&P) Regs, Sch 9, para 4A; 2 Sch 9, para 5

Current charges

46246 Current hostel service charges can be deducted and paid direct if¹ the claimant or partner

1. is resident in a hostel and has claimed HB in the form of a rent rebate or rent allowance **or**

2. is resident in approved premises under specified legislation² **and**

3. the charge for the hostel or approved premises includes a payment for services³ as listed in DMG 46241 **2.**

1 SS (C&P) Regs, Sch 9, para 4A(1); 2 Offender Management Act, s 13; 3 SS (C&P) Regs, Sch 9, para 4A(1)
(d)

46247 Approved premises in DMG 46246 means¹ accommodation provided for persons granted bail or who have been convicted of offences.

1 Offender Management Act, s 13

46248 The amount to be paid direct is

1. decided by¹

1.1 the housing authority **or**

1.2 the DM, where the housing authority has not made a determination

2. the total of the amounts deducted (or likely to be deducted) by the LA when determining the eligible rent, for²

2.1 water, sewerage and allied environmental services

2.2 laundry

2.3 cleaning (other than communal areas)

2.4 meals

2.5 ineligible service charges (for HB)

2.6 excessive service charges

2.7 service charge for fuel.

1 SS (C&P) Regs, Sch 9, para 4A(3); 2 Sch 9, para 4A(4)

46249 Deductions can be made for part-weeks at the beginning and end of an award of ESA¹. But no deduction will be made if the DM certifies that it is impracticable to do so. See DMG 46041 et seq for full guidance on part-week payments.

1 SS (C&P) Regs, Sch 9, para 4A(6)

Arrears of hostel charges

46250 Arrears of hostel charges can be paid direct¹ for both

- 1.** arrears of the housing benefit element of the charge **and**
- 2.** arrears of those charges mentioned in DMG 46248 **2.**

1 SS (C&P) Regs, Sch 9, para 5

46251 Deductions should only be made where the DM is satisfied that there are in fact arrears¹ of hostel charges. In cases of dispute the DM should give the claimant the opportunity to provide evidence to support any claim that they are not in arrears with the hostel charges.

1 R(IS) 14/95

46252 A deduction can be made and paid direct if

- 1.** the claimant is awarded a specified benefit **and**
- 2.** the claimant is entitled to HB **and**
- 3.** the claimant or partner has arrears of hostel charges that exceed £100.00¹

1 SS (C&P) Regs, Sch 9, para 5(1A)

46253 The amount deducted for arrears and paid direct is fixed at 5% of the personal allowance for a single person aged 25 or over. The claimant should be left with a minimum of 10p after the deduction has been made (see DMG 46151).

46254 - 46260

Third party deductions for rent and service charges for fuel 46261-46295

[Definitions](#) 46261-46262

[Rules for third party deductions](#) 46263-46270

[Interests of the family](#) 46271-46280

[Amount deducted for arrears](#) 46281

[Amount deducted for current charges](#) 46282-46285

[Joint tenants](#) 46286-46289

[Superseding the third party deduction decision](#) 46290-46295

Definitions

46261 For third party deduction purposes rent¹ includes

1. eligible rent for HB
2. CT
3. water charges
4. fuel service charges for heating, hot water, lighting or cooking
5. furniture charges
6. garage charges
7. service charges
8. ground rent not paid with service charges

as long as they are paid with, or as part of, the rent for the dwelling occupied as the home.

¹ SS (C&P) Regs, Sch 9, para 1

Rules for third party deductions

46263 Part of the specified benefit (see DMG 46140) may be deducted and paid direct to the landlord for

1. rent arrears
2. fuel service charges
3. water charges

paid with or as part of the rent on the dwelling occupied as the home.

46264 This can happen if¹

1. the claimant or partner is entitled to HB for rent **and**
2. they have rent arrears of at least four times the full weekly rent, that have built up over a period of
 - 2.1 eight weeks or more and the landlord has requested third party deductions **or**
 - 2.2 less than eight weeks and it is in the overriding interests of the claimant or family (see DMG 46271) to arrange third party deductions.

1 SS (C&P) Regs, Sch 9, para 5(1) & (3)

46265 Deductions should only be made where the DM is satisfied that the claimant or partner do have rent arrears¹. In cases of dispute the DM should give the claimant the opportunity to provide evidence to support any claim that they do not have rent arrears.

1 R(IS) 14/95

46266 Arrears of rent in this context does not include¹

1. the 20% of CT/CC excluded from HB **and**
2. any non-dependant deductions due to be taken from HB in the weeks for which the rent arrears occurred.

1 SS (C&P) Regs, Sch 9, para 5(2); SS HB (Gen) Regs, reg 74

Example 1

Sue is a new ESA claimant who has just been awarded HB. She owes £245 to her landlord which has built

up over four months and is for seven separate weeks. Her landlord requests third party deductions for the rent arrears. Sue has a non-dependant son Andy who is aged over 18 and earns £100 gross weekly.

Full weekly rent £43.04 (rent £24.50, CT £8.46, water charges £2.08 and fuel service charge £8.00)

Debt £245.00 (built up over four months and for seven separate weeks)

Rent arrears £121.17 (debt **£245** less **£123.83** i.e. non dependants deduction for rent and rates seven weeks x £16.00 = **£112.00** and 20% CT seven weeks x £1.69 = **£11.83**).

Third party deductions are not possible. Rent arrears are not equal to or more than four times the full weekly rent (£43.04 x 4 = **£172.16**).

Example 2

Ismail is a new claimant who owes his landlord £750 for 30 consecutive weeks rent arrears. The landlord requests third party deductions. Ismail is now getting HB and has a non-dependant son over 18 whose gross weekly wage is £100 pw.

Full weekly rent £43.04 (breakdown as in **Example 1**)

Debt £750.00 (built up over nine months and for 30 separate weeks)

Rent arrears £219.30 (debt £750 less £530.70 i.e. non dependants deduction for rent and rates 30 weeks x £16 = **£480.00** and 20% CT 30 weeks x £1.69 = **£50.70**).

Third party deductions can be made. Ismail is entitled to HB. Rent arrears are more than four times the full weekly rent (£43.04 x 4 = **£172.16**). Arrears are for more than eight weeks and the landlord has requested third party deductions.

46267 - 46270

Interests of the family

46271 It will normally be in the interests of the claimant or their family to introduce third party

deductions if there is

1. a threat of

1.1 eviction **or**

1.2 repossession **or**

1.3 disconnection of fuel **or**

1.4 a court summons **and**

2. no other suitable method of dealing with the debt.

46272 Third party deductions will not normally be in the interests of the claimant or their family if they have

1. shown evidence of a determination to clear the debt **and**

2. undertaken to clear the debt themselves.

46273 Third party deductions should not be considered

1. simply because the tenant or landlord has asked for it **or**

2. when rent is being withheld or is not being accepted because of a dispute between the claimant and landlord (unless DMG 46265 applies).

46274 Where there is a reluctance to seek eviction, third party deductions may still be considered if the other criteria are met. For example where housing associations specialize in providing accommodation for low income groups who are liable to have budgeting problems.

46275 - 46280

Amount deducted for arrears

46281 The amount deducted for arrears and paid direct is fixed¹ at 5% of the personal allowance for a single person aged 25 or over rounded up to the next 5p.

1 SS (C&P) Regs, Sch 9, para 5(1) & (6)

Amount deducted for current charges

46282 The following charges can be paid direct where they are paid with the rent¹

1. fuel service charges or

2. water charges.

1 SS (C&P) Regs, Sch 9, para 5(3)

46283 The amount to be paid direct is the amount deducted by the LA when determining the eligible rent for HB. If rent is payable for 50 weeks each year, the amount deducted should be paid direct for 50 weeks. No third party deduction should be made for the weeks when rent is not payable.

46284 But the claimant should be left with a minimum of 10p after the deduction has been made (see DMG 46151). Do not make a deduction if less than 10p would be left after the deduction of the whole amount of these charges¹.

1 SS (C&P) Regs, Sch 9, para 2(2)

46285 Unless the claimant consents¹, third party deductions cannot be made for both arrears and current charges where the total exceeds 25% of the family's applicable amount. The amount of CTC and CHB entitlement should be added² to the applicable amount when deciding if deductions exceed 25% of the total.

Note: Any housing costs included in the applicable amount should not be taken into consideration when deciding whether third party deductions exceed 25% of the family's applicable amount³ (see DMG 46155).

1 SS (C&P) Regs, Sch 9, para 5(5); 2 Sch 9, para 8(4); 3 Sch 9, para 8(4)(a)(iv);
ESA (TP, HB & CTB) (EA) (No. 2) Regs, Sch 4, para 1

Joint tenants

46286 If the claimant is a joint tenant calculate the deduction by following DMG 46282 and DMG 46287 et seq.

46287 The deduction for weekly fuel service charges depends on information held by the LA. The DM should find out whether the LA has worked out the actual fuel cost for the property. The deduction is where the LA has

1. worked out the actual fuel cost - that figure divided by the number of tenants

2. estimated the claimant's fuel costs - the amount of the LA standard deduction from HB.

46288 Where fuel costs have been estimated the amount of the deduction from HB may change if the claimant gives details of their actual costs. The DM should then revise the deduction for weekly fuel service charge.

46289 The deduction may be for current weekly water charges. The deduction is then the charge for the property divided by the number of tenants.

Superseding the third party deduction decision

46290 When a relevant change of circumstances occurs¹ the DM may supersede the outcome decision which includes the third party deduction decision, for example where the

- 1.** fuel service charge or water charge changes **or**
- 2.** fuel service charge stops being made by the landlord **or**
- 3.** rent arrears are cleared (see DMG 46291) **or**
- 4.** entitlement to specified benefit is reduced below the amount of the deduction plus 10p **or**
- 5.** claimant changes address.

Note: See DMG Chapter 04 for the rules about the effective date of supersession.

1 SS Act 98, s 10; SS CS (D&A) Regs, reg 6(2)(a)

46291 The DM may decide that deductions for continuing charges only should continue where¹

- 1.** the rent arrears are cleared **and**
- 2.** it is in the interests of the family to do so.

1 SS (C&P) Regs, Sch 9, para 5(7)

46292 - 46295

Third party deductions for fuel costs 46296-46360

[Green Deal](#) 46296-46299

[Definition of fuel item](#) 46300

[Rules for third party deductions](#) 46301-46303

[Interests of the family](#) 46304-46309

[Amount to be deducted and paid direct](#) 46310-46320

[Arrears of fuel - original debt](#) 46321-46324

[Fuel - current consumption](#) 46325-46329

[Original debt recovered](#) 46330-46340

[Joint tenants](#) 46341-46342

[Priority between fuel debts](#) 46343-46350

[Consent of claimant required](#) 46351

[Superseding the third party deduction decision](#) 46352-46360

Green Deal

46296 The Department of Energy and Climate Change has made provision for Green Deal plans under specified legislation¹. The Green Deal plan provides finance for energy efficiency improvements to properties, with no up-front costs. The costs of the improvements are repayable by instalments through a charge on the electricity bills attached to the particular property. A Green Deal plan is essentially a new kind of credit arrangement, offered to customers by private bodies (which must be authorised as Green Deal providers).

¹ Energy Act 2011, s 1

46297 Instalments under a Green Deal plan cannot be deducted from the electricity bill. If a customer falls into arrears, the electricity arrears and the Green Deal arrears should be paid off on a proportional basis.

46298 From 2.4.13, legislation¹ providing for third party deductions for fuel costs is amended to enable payments made under a Green Deal plan to be deducted from specified benefits and paid direct to the fuel company. Legislation is amended to include Green Deal payments, so that it may form part of both arrears and ongoing consumption (where applicable).

1 SS (C&P) Regs, Sch 9, para 6

46299

Definition of fuel item

46300 Fuel item¹ means

- 1.** mains gas, including any charges for the reconnection of mains gas **or**
- 2.** mains electricity, including any charges for the disconnection and reconnection of mains electricity and any payments required to be made under a Green Deal plan.

1 SS (C&P) Regs, Sch 9, para 6(8)

Rules for third party deductions

46301 Part of the specified benefit (see DMG 46140) may be deducted and paid direct to the fuel company for mains gas and mains electricity plus any payment required under a Green Deal plan. This can happen if¹

- 1.** there is a debt (the original debt) for any fuel item and the claimant still needs the fuel in respect of which the debt arose (the relevant fuel) **and**
- 2.** the debt is for an amount not less than the rate of personal allowance for a single person aged 25 or over **and**
- 3.** it is in the interests of the claimant or family that third party deductions be made.

Note: Whether it appears to be in the interest of the claimant or their family to apply a deduction or not, the claimant must be given the opportunity to make representations regarding whether it is in their interest before deductions are imposed. Any reasons provided must be given consideration prior to a decision being taken.

1 SS (C&P) Regs, Sch 9, para 6(1)

46302 Debt in this context includes disconnection and reconnection costs and any legal costs arising from that debt.

46303 Third party deductions for fuel should not be made where

- 1.** the debt is less than the rate of personal allowance for a single claimant aged 25 or over
- 2.** the size of the deduction (including any deduction for arrears)
 - 2.1** is more than the award of specified benefit **or**
 - 2.2** would leave the claimant with specified benefit of less than 10p (see DMG 46151)
- 3.** the claim will last only a short time, for example where the claimant is due an income which will exceed ESA
- 4.** the debt is the responsibility of a person who has deserted a partner (unless the deserted partner satisfies the criteria for third party deductions).

Interests of the family

46304 It will normally be in the interests of the claimant or their family to introduce third party deductions where

- 1.** the debt
 - 1.1** is unlikely to be paid before disconnection is threatened **or**
 - 1.2** has resulted in the threat of disconnection **or**
 - 1.3** has resulted in disconnection **and**
- 2.** no other source of fuel is available for the same purpose **and**
- 3.** there is no other suitable way of dealing with the debt.

46305 Third party deductions will always be in the interests of the family where there is a risk to health or safety. For example there may be a risk where the family includes

- 1.** children under 11
- 2.** people over 70
- 3.** people who are disabled
- 4.** people who are long term sick.

Note: This list is not exhaustive.

46306 Do not assume that third party deductions would not be in their interests just because the claimant is single or a member of a couple without young children.

46307 Third party deductions will not normally be in the interests of the claimant or their family if

1. they have

1.1. shown evidence of a determination to clear the debt **and**

1.2. undertaken to clear the debt themselves **or**

2. there are other options available to deal with the debt.

Example

Before a deduction is applied the claimant provides information that they will be shortly starting paid employment, or due an amount from an inheritance. The DM is satisfied that a third party deduction is no longer in their interest as they have shown evidence of a willingness and ability to clear the debt.

46308 The DM must consider

1. the alternative means of cooking and heating available to the family

2. the availability and value of budget payment arrangements **and**

3. seasonal factors.

46309 The claimant may ask for a prepayment meter as an alternative to third party deductions. The fuel company may be willing to install a meter calibrated to recover the arrears. The DM should consider which arrangement would best suit the interests of the family. Only one of these arrangements can be in operation at any time.

Amount to be deducted and paid direct

46310 The amount of the weekly deduction should be

1. before the debt is cleared - an amount to pay off the arrears (see DMG 46323)

3. plus an amount to cover current consumption¹ which is subject to an application made by the fuel supplier and with the claimant's consent² (see DMG 46325 & 46326).

2. after the debt is cleared - an amount to cover current consumption (see DMG 46330) where appropriate³.

Exception to general rules

46311 A prepayment meter may have been installed or other arrangements made with the fuel board to pay for current consumption¹. The amount deducted should then be limited to the amount for arrears. See DMG 46309 where the meter is calibrated to recover arrears.

1 SS (C&P) Regs, Sch 9, para 6(2)(b)

Amount of benefit left for claimant

46312 The claimant should be left with a minimum of 10p after deductions have been made (see DMG 46151). Do not make a deduction if less than 10p would be left.

46313 - 46320

Arrears of fuel - original debt

46321 There is only one original debt during any period of deductions for an item of fuel¹. That original debt cannot normally be increased. The exception is where the figure originally given by the fuel company was wrong. The figure used may then be changed and the decision which included the third party deduction superseded² (or revised if the new deduction is determined within one month of the previous decision³) because the DM's decision will have been given in ignorance of a material fact.

1 SS (C&P) Regs, Sch 9, para 6(1) & (2)(a); 2 SS Act 98, s 10; SS CS (D&A) Regs, reg 6(2)(b)(i); 3 reg 3(1)(a)

46322 Do not revise the figure used where further debt builds up during a period of deductions. The amount of the original debt can never be revised on the grounds of such a change in circumstances. An adjustment to the continuing consumption is made instead (see DMG 46328).

46323 The weekly deduction to recover the original debt is fixed at 5% of the personal allowance for a single person aged 25 or over, rounded up to the next 5p¹.

1 SS (C&P) Regs, Sch 9, para 6(2)(a)

46324 Third party deductions for a second fuel item may have to be introduced. The deduction is then 5% for each fuel item (see DMG 46343) subject to the overall limit on deductions for arrears of fuel, that is 2 x 5% of the personal allowance for a single claimant aged 25 or over¹.

1 SS (C&P) Regs, Sch 9, para 6(2)(a)

Fuel - current consumption

46325 When deductions begin the fuel company will provide an estimate of the average weekly cost of continuing consumption of the relevant fuel, plus any weekly amount that is required to meet any payments under a Green Deal plan¹. If the estimate is unreasonable or inaccurate the DM should ask for details of the calculation.

1 [SS \(C&P\) Regs, Sch 9, para 6\(2\)\(b\)](#)

46326 Periodically the fuel company will

1. recalculate the weekly amount needed to meet continuing consumption **and**
2. notify the DM of any added credit or debit.
3. the DM can increase the deduction amount for continuing consumption if
 - 3.1 the fuel supplier has made an application for the increased deduction **and**
 - 3.2 the claimant has consented to that application¹.

1 [SS \(C&P\) Regs, Sch 9, para 6 \(3A\)](#)

46327 The recalculation should be based on the actual cost of past consumption¹. A customer's own reading may be used but a calculation based on estimated past consumption is not acceptable.

1 [SS \(C&P\) Regs, Sch 9, para 6\(4\)](#)

46328 Where DMG 46326 applies, the DM may adjust¹

1. the weekly deduction to a new weekly amount for continuing consumption for mains gas or mains electricity plus any payment required under a Green Deal plan **and**
2. the new weekly amount to take into account any added credit or debit over a
 - 2.1 period of 26 weeks **or**
 - 2.2 longer period if that is reasonable.

Note: The claimant's agreement should be obtained if the new total deductions exceed the level mentioned in DMG 46155.

1 [SS \(C&P\) Regs, Sch 9, para 6\(4\)\(a\)](#)

46329 The original debt must not be adjusted to take account of additional credit or debit.

Example

The original debt has been recovered. The weekly deduction for consumption is £5. In April the fuel company reports that the amount for continuing consumption is £7 and arrears of £60 have accrued.

The DM supersedes the third party deduction decision and decides it is reasonable to recover the accrued arrears over 52 weeks. The new weekly deduction is

| | |
|---|-------|
| continuing consumption | £7.00 |
| plus adjustment for arrears £60 over 52 weeks | £1.15 |
| total | £8.15 |

In December the fuel company reports that the amount for continuing consumption is £6.50 and there is a credit of £20. The new weekly deduction is

| | |
|--|-------|
| continuing consumption | £6.50 |
| less adjustment for credit £20 over 26 weeks | £0.77 |
| total | £5.73 |

Original debt recovered

46330 When the original debt has been cleared the DM may decide to make deductions for continuing consumption¹. Such deductions are not compulsory.

1 SS (C&P) Regs, Sch 9, para 6(1) & (4)(b)

46331 Deductions for current consumption should continue if it remains in the interests of the family (see DMG 46271). The DM should consider

1. whether there are other budgeting methods which might be more appropriate
2. the reasons for the failure to budget - if the debt arose because of persistent bad management and nothing has changed, third party deductions should normally continue

3. any seasonal factors likely to affect the claimant's ability to budget for the next bill if third party deductions stop

4. any representations made by the fuel company.

46332 - 46340

Joint tenants

46341 A claimant asking for third party deductions for fuel costs may be a joint tenant. If the claimant is liable for the debt (see DMG 46136) the deduction should be

1. the weekly consumption figure (see DMG 46325) divided by the number of people named on the bill (whether they are claimants or not) **and**

2. the fixed amount to pay off any arrears (see DMG 46323).

46342 It is unusual to have more than one name on a fuel bill. If the claimant is the only person named, the other tenants should pay their share of the bill to the claimant. If the claimant is not named on the bill, the claimant is not liable. The claimant should pay a share to the tenant who is named on the bill.

Priority between fuel debts

46343 The criteria may be met for deductions for both gas and electricity debts. But it may not be possible to implement both deductions. This may happen where, for example, there is not enough specified benefit in payment.

46344 The DM should decide which debt takes priority, taking into account¹

1. all the circumstances **and**

2. any requests of the claimant.

1 SS (C&P) Regs, Sch 9, para 9(3)

46345 Priority should be given to whichever fuel is most needed to ensure the health and safety of the claimant or family.

Example 1

Ai Ling lives in a household where heating and cooking are by gas. The DM gives priority to gas.

Example 2

Stanley lives with his wife and young child. The DM gives priority to electricity, so that the home is properly lit.

Example 3

Maria lives with her elderly disabled mother. Cooking is by electric and heating is by gas. The house has open fireplaces which can be used to provide heating. The DM gives priority to electricity.

46346 Where debts other than fuel are involved see DMG 46162.

46347 - 46350

Consent of claimant required

46351 Unless the claimant consents¹, third party deductions cannot be made where the total deductions exceed 25% of the family's applicable amount. Any housing costs included in the applicable amount should not be taken into consideration (see DMG 46155). The amount of CTC and CHB entitlement should be added to the applicable amount when deciding if deductions exceed 25% of the total.

1 SS (C&P) Regs, Sch 9, para 6(6) & 8(4)

Superseding the third party deduction decision

46352 The decision to implement deductions should not be superseded where the only reason to do so is that the claimant wishes to take control of the budgeting. This is because the claimant's desire to take control of the budgeting is not, in itself, a relevant change of circumstances.

46353 The DM should supersede the outcome decision which includes the third party deduction decision for fuel costs, when a relevant change of circumstances occurs¹. For example where

1. the average weekly cost estimated for the continuing need was not enough or was too much

Note: The claimant's agreement must be obtained if the deduction required stays at or would increase to the level mentioned in DMG 46351

2. the original debt has been cleared and deductions stop, or carry on for current consumption only (see DMG 46330)

3. the claimant changes address from one fuel company area to another and the debt is not transferable

4. the weekly deduction (including arrears) would leave the claimant with less than 10p

5. the claimant withdraws the agreement permitting deductions in excess of 25% of the applicable amount (see DMG 46351)

6. the claimant stops receiving a supply of fuel from the fuel company to whom payment is being made, for example where the supply has been

disconnected due to meter interference. Or a claimant with deductions for gas may move to a house which is all electric

7. it is no longer in the interests of the family for deductions to continue.

Note: See DMG Chapter 04 for the rules about the effective date of supersession.

1 SS Act 98, s 10, SS CS (D&A) Regs, reg 6(2)(a)

46354 - 46360

Third party deductions for water charges - England and Wales 46361-46398

[Meaning of water charges](#) 46361

[Methods of charging](#) 46362

[Rules for third party deductions](#) 46363-46364

[Interests of the family](#) 46365-46367

[Amount to be deducted and paid direct](#) 46368-46375

[The original debt](#) 46376

[Unmetered water](#) 46377-46381

[Metered water](#) 45382-46388

[Original debt recovered](#) 46389-46390

[Joint tenants](#) 46391-46392

[Priority between debts for water charges](#) 46393-46394

[Consent of claimant required](#) 46395-46396

[Superseding the third party deduction decision](#) 46397-46398

Meaning of water charges

46361 In England and Wales water charges means any water or sewerage charges under prescribed legislation¹. Where these are charged separately or by different water authorities see DMG 46393.

Note: The definitions of water charges are different for the purposes of third party deductions from benefit (see DMG46399 for guidance on deductions for Scotland).

¹ SS (C&P) Regs, Sch 9, para 1(1), Water Industry Act 1991, Part 5, Chapter 1

Methods of charging

46362 Water charges can be made

1. with rent (see DMG 46261 et seq)
2. by a meter (see DMG 46382)
3. unmetered (see DMG 46377).

Rules for third party deductions

46363 Part of the specified benefit (see DMG 46140) may be deducted for water charges and paid direct if¹

1. the claimant or partner is in debt (the original debt) for water charges **and**
2. the DM is satisfied that the claimant or partner has failed to budget for the charges **and**
3. it is in the interests of the claimant or family that third party deductions be made.

Note: Whether it appears to be in the interest of the claimant or their family to apply a deduction or not, the claimant must be given the opportunity to make representations regarding whether it is in their interest before deductions are imposed. Any reasons provided must be given consideration prior to a decision being taken.

1 SS (C&P) Regs, Sch 9, para 7(1) & (2)

46364 Debt in this context includes disconnection and reconnection costs and any legal or other costs arising from that debt.

Interests of the family

46365 Third party deductions will normally be in the interests of the claimant or the family where there is

1. a threat of a court summons **and**
2. no other suitable method of dealing with the debt.

46366 Third party deductions will not normally be in the interests of the claimant or their family if

1. they have

1.1. shown evidence of a determination to clear the debt **and**

1.2. undertaken to clear the debt themselves **or**

2. there are other options available to deal with the debt.

Example

Before a deduction is applied the claimant provides information that they will be shortly starting paid employment, or due an amount from an inheritance. The DM is satisfied that a third party deduction is no longer in their interest as they have shown evidence of a willingness and ability to clear the debt.

46367 Third party deductions will always be in the interests of the family where there is a risk to health or safety. For example where the family includes

1. children under eleven

2. people over 70

3. people who are disabled

4. people who are long-term sick.

Do not assume that third party deductions would not be in their interests just because the claimant is single or a member of a couple.

Amount to be deducted and paid direct

46368 The amount to be deducted and paid direct

1. before the original debt is cleared is¹

1.1 the actual or estimated amount for current consumption **and**

1.2 a fixed amount to clear the original debt equal to 5% of the personal allowance for a single person aged 25 or over, rounded up to the next 5p

2. after the original debt is cleared is²

2.1 the actual amount for current consumption (unmetered water) **or**

2.2 an estimated amount for current consumption (metered water).

46369 The DM should always use the fixed amount in DMG 46368 **1.2** to clear the arrears, even where

- 1.** there is a court order for a greater amount **or**
- 2.** the claimant asks that a higher amount be paid direct.

Amount of benefit to be left for claimant

46370 The claimant should be left with a minimum of 10p after deductions have been made (see DMG 46151). Do not make a deduction if less than 10p would be left.

46371 - 46375

The original debt

46376 Before deductions for water charges can begin the claimant or partner must be in debt¹. The amount of the debt is the original debt and includes

- 1.** the amount of water and sewerage charges due
- 2.** any legal costs arising from the debt
- 3.** any other costs arising from the debt.

1 SS (C&P) Regs, Sch 9, para 7(1) & (2)

Unmetered water

Original debt

46377 There is only one original debt during any period of deductions¹. That original debt cannot be increased. If the whole of the current year's charge for unmetered water is due it may be included in the original debt. A deduction for current consumption may not then be necessary until the start of the next financial year.

1 SS (C&P) Regs, Sch 9, para 7(1) & (5)(a)

46378 The weekly deduction to recover the original debt is fixed at 5% of the personal allowance for a single person aged 25 or over.

Example 1

In November the water company requests deductions and reports an original debt of £350. This includes the charge for the remaining months in the current financial year. The original debt is £350 and the fixed deduction is made until this amount is repaid. Deductions for current consumption will not start until April of the next year when the annual charge for the next year is billed.

Example 2

In December the water company requests deductions. They report that debt is accruing on a weekly basis. On the date the DM makes a decision a debt of £120 has accumulated. The original debt is £120 and the fixed deduction is made until this amount is repaid. Deductions for current consumption are also made.

Consumption

46379 The amount deducted for continuing consumption is the weekly cost necessary to meet the continuing need for water consumption¹. This is not always the annual charge divided by 52 weeks.

1 SS (C&P) Regs, Sch 9, para 7(5)(b)

Example

Roisin is in receipt of ESA. On 31 May the water company requests deductions. They report that there is an outstanding debt for the previous year of £100. The current year's charge is £210 and the water company confirms that none of that has become a debt.

On 10 June the DM decides that deductions can be taken, determines the amount of the deduction and supersedes the previous decision in order to implement it.

The original debt is £100 and the fixed deduction is made until this amount is repaid. Deductions for current consumption are also made at the rate of £5 pw (£210 current year's charge, divided by the 42 weeks left in the year from 10 June).

Annual increases

46380 Following the annual increase in unmetered water charges, the deduction for current consumption should be superseded from the date of the increase¹. If the water authority or company notify the new annual charge late, or the DM cannot (for operational reasons) supersede on the due date

1. supersede the case from the date the charge increases (usually 1 April) **and**

2. change the weekly consumption figure by

2.1 taking off the amount already deducted in the financial year from the new annual charge **and**

2.2 working out the number of weeks left in the financial year (from the date of the supersession to the end of the year) **and**

2.3 dividing the amount at **2.1** by the number of weeks at **2.2**.

1 SS Act 98, s 10; 2 SS (D&A) Regs, reg 6(2(a))

Example

The weekly deduction for water is £3. In June the water authority notifies the DM that the annual cost from 1 April of that year is £200. On 3 July the DM supersedes from 1 April that year and changes the amount for continuing consumption as follows

| | |
|--|----------|
| annual cost from 1 April | £200 |
| less amount already deducted £3 x 13 | £39 |
| annual amount outstanding | £161 |
| divided by the number of weeks left | |
| in the year (3 July to 31 March) | 39 weeks |
| new weekly deduction (rounded up to the nearest penny) | £4.13. |

46381 It is not necessary to change the deduction to the original amount at the end of the year. The same formula can be used if the amount is notified late the following year.

Metered water

Original debt

46382 There is only one original debt during any period of deductions¹. That original debt cannot be increased. The weekly deduction to recover the original debt is a fixed amount. That is 5% of the personal allowance for a single person aged 25 or over, rounded up to the next 5p.

1 SS (C&P) Regs, Sch 9, para 7(1) & (3)(a)

46383 If arrears build up during a period of deductions an adjustment to the continuing consumption is

made (see DMG 46387). The original debt must not be adjusted to reflect added credits and debits which have built up during a period of deductions.

Consumption

46384 When deductions begin the water company provides an estimate of the average weekly cost of continuing consumption¹. Where this is unreasonable or inaccurate the DM should ask for details of the calculation.

1 SS (C&P) Regs, Sch 9, para 7(3)(b)

46385 Periodically the water company will

1. recalculate the weekly amount needed to meet continuing consumption **and**
2. notify any added credit or debit.

46386 The recalculation should be based on the actual cost of past consumption. A customer's own reading may be used. But a calculation based on estimated past consumption is not acceptable.

46387 The DM should¹

1. supersede the weekly deduction to the new weekly amount for continuing consumption **and**
2. adjust that new weekly amount to recover any added credit or debit over
 - 2.1 a period of 26 weeks **or**
 - 2.2 a longer period if that is reasonable.

1 SS (C&P) Regs, Sch 9, para 7(4)

46388 The original debt must not be adjusted to take account of additional credit or debit.

Example

Matthew is in receipt of ESA(IR). In June he requests deductions for a debt of £90 and continuing consumption. The water company estimate the average weekly cost of continuing consumption is £4. Deductions for current consumption should continue if it remains in the interests of the family (see DMG 46390).

original debt £2.50

continuing consumption £4.00

total £6.50.

In December the water company reports that the amount for continuing consumption is £4.50 and a further debt of £20 has built up. The DM supersedes the deductions and decides it is reasonable to recover the arrears over 26 weeks. The new weekly deduction is

original debt £2.50

continuing consumption £4.50

adjustment for accrued arrears

£20 over 26 weeks £0.77 £5.27

total £7.77.

Original debt recovered

46389 When the original debt has been cleared the DM may decide to make deductions for continuing consumption¹. Such deductions are discretionary and apply to both unmetered and metered water.

1 SS (C&P) Regs, Sch 9, para 7(6)

46390 Deductions for current consumption should continue if it remains in the interests of the family (see DMG 46271). The DM should consider

1. whether there are other budgeting methods which may be more appropriate
2. the reasons for the failure to budget - if the debt arose because of persistent bad management and nothing has changed, third party deductions should normally continue
3. any seasonal factors likely to affect the claimant's ability to budget for the next bill if third party deductions stop.

Joint tenants

46391 A claimant asking for third party deductions for water charges may be a joint tenant. If the claimant is liable for the debt (see DMG 46136) the deduction should be

1. the actual or estimated weekly cost for consumption (see DMG 46379) divided by the number of people named on the bill, whether they are claimants or not **and**
2. the fixed amount to pay off any arrears (see DMG 46368).

46392 It is unusual to have more than one name on a bill. If the claimant is the only person named, the other tenants should pay their share of the bill to the claimant. If the claimant is not named on the bill, the claimant is not liable. The claimant should pay a share to the tenant who is named on the bill.

Priority between debts for water charges

46393 The claimant or partner may be in debt for water and sewerage charges to two water companies. In such a case only one weekly amount should be deducted, with priority being given to water¹.

1 SS (C&P) Regs, Sch 9, para 7(7)(a) & (b)

46394 Deductions for sewerage debt can begin only when the whole of the original water debt has been cleared¹. Deductions for current water and sewerage charges can be made at the same time².

1 SS (C&P) Regs, Sch 9, para 7(7)(b); 2 Sch 9, para 7(7)(c)

Consent of claimant required

46395 Unless the claimant consents¹, no third party deduction can be made for water charges where the total deductions exceed 25% of the family's applicable amount. Any housing costs included in the applicable amount should not be taken into consideration (see DMG 46155).

1 SS (C&P) Regs, Sch 9, para 7(8)

46396 The amount of CTC and CHB entitlement should be added¹ to the applicable amount when deciding if deductions exceed 25% of the total.

1 SS (C&P) Regs, Sch 9, para 8(4)

Superseding the third party deduction decision

46397 The DM should supersede the third party deduction decision when a relevant change of

circumstances occurs¹. For example where

1. the original debt is cleared **or**

2. the claimant changes address **or**

3. in the case of a metered water supply, the estimated weekly cost of continuing consumption is not enough or is too much² **or**

4. in the case of unmetered charges, the annual charge increases (usually in April).

Note: See DMG Chapter 04 for the rules about the effective date of change.

1 SS Act 98, s 10; 2 SS CS (D&A) Regs, reg 6(2)(a), SS (C&P) Regs, Sch 9, para 7(4)

46398 The claimant's agreement should be obtained if the new total deductions exceed the level mentioned in DMG 46153. Where the claimant has already consented to a total above that level, any increase will require the claimant's further consent.

Third party deductions for water charges - Scotland 46399-46460

[Meaning of water charges](#) 46399-46401

[Rules for third party deductions](#) 46402-46404

[Water debt only](#) 46405-46460

Meaning of water charges

46399 For Scotland, water charges means any water or sewerage charges established by Scottish Water under a charges scheme made under prescribed legislation¹. Water charges can be made

1. with rent **or**

2. by a meter **or**

3. unmetered.

1 SS (C & P) Regs, Sch 9, para 1(1), Water Industry (Scotland) Act 2002, s 29A

46400 In Scotland, LAs have responsibility for the collection and billing of all water charges. Sewerage charges are included in the CT charge and water charges are collected through the council water charge.

46401 Where there is a mixture of water and CT arrears, or only CT arrears, the LA treats arrears for water and CT as a single debt and may request a single third party deduction to cover both items (see DMG 46404).

Rules for third party deductions

46402 When water charges are paid with, or as part of, rent, third party deductions may be made on the same basis as in England and Wales¹ (see DMG 46361 et seq).

1 SS (C&P) Regs, Sch 9, para 5

46403 But water charges may not be paid with rent. The LA may then ask the DM to make deductions to secure payments. This can be from

1. ESA(Cont) **or**

2. ESA(IR).

46404 LAs treat arrears of water charges and CT as a single debt. This means that only one weekly amount should be deducted to cover both items. The amount of that deduction is fixed and is equal to 5% of the personal allowance for a single person aged 25 or over (see DMG 46461 et seq for further guidance).

Water debt only

46405 LAs in Scotland have the option to apply for a third party deduction for a water debt that has been billed as part of the CT to include an amount for arrears and an amount for ongoing costs to prevent further debt accruing.

46406 Where the application for deduction is for arrears of water only, there is no longer a legal requirement for the LAs to obtain a Summary Warrant or Decree before applying for the third party deduction. These applications will contain a current cost element to enable them to be distinguished from CT applications, where there is still a need for a Summary Warrant or Decree.

46407 Applications for third party deductions of water debt only may be accepted from the claimant or LA and should be treated the same as water costs in England and Wales (see DMG 46361 et seq).

46408 - 46460

Third party deductions for Council Tax 46461-46480

[Introduction](#) 46461

[Application for deductions](#) 46462-46464

[DMs action](#) 46465-46470

[Can a deduction be made](#) 46471-46473

[Amount of deduction](#) 46474

[Other deductions](#) 46475

[Maximum amount of deduction](#) 46476-46477

[More than one application](#) 46478-46480

Introduction

46461 Deductions for arrears of CT may be made from

1. ESA(Cont) and

2. ESA(IR) .

1 Council Tax (Deductions from IS) Regs 93, reg 2(1)

Application for deductions

46462 A billing authority (in Scotland, levying authority) may ask the DM to make deductions for arrears of CT¹ covered by in

1. England and Wales, a liability order and

2. Scotland, a summary warrant or a decree.

1 Council Tax (Deductions from IS) Regs 93, regs 2 & 3; Local Government Finance Act 1992, Sch 4, para 3 & Sch 8, para 6

46463 In Scotland the warrant or decree may include an amount for arrears of water charges (see DMG 46400). Treat any such arrears as a single debt with the CT arrears.

Contents of application

46464 The DM must be able to identify the claimant from the details on the application for deductions, which should include¹ the

1. name and address of the debtor
2. name and address of the authority making the application
3. name and place of the court concerned
4. date of the order, warrant or decree
5. amount of the specified arrears
6. total amount the authority wishes to have deducted.

Note: The validity of an application is a matter for the DM.

1 Council Tax (Deductions from IS) Regs 93, reg 4

DMs action

46465 Before deductions can be made the DM must be satisfied that the claimant is a debtor. A person is normally a debtor where there is

1. a liability order against them (in Scotland, a summary warrant or decree) **and**
2. an outstanding sum for which that liability order was made.

46466 The application for deductions should include these details (see DMG 46464) and can normally be accepted as evidence that the person named is a debtor. This means that in most cases the DM does not need to see the actual liability order or a certificate from the LA showing the amount outstanding.

46467 Where a debt is disputed on **reasonable grounds** the DM should investigate the matter and may need to see the liability order and LA certificate. Note that a dispute is not on reasonable grounds if claimants simply say that they are not a debtor.

46468 The DM should consider any documentary evidence that may be produced showing that liability is in doubt. Although the Department cannot get involved in any dispute, enquiries should be made to the LA. If the DM is not satisfied that the claimant is a debtor deductions should not be made. If deductions have already started the claim should be revised or superseded¹ and deductions stopped. Normal overpayment action should be taken if appropriate.

1 SS Act 98, ss 9 & 10, 2 SS CS (D&A) Regs, regs 3 & 6

Example 1

Angharad is in receipt of ESA(IR). The LA obtains a liability order against her for CT arrears of £300 and makes a written application for deductions to be made from her ESA(IR). Angharad produces an account from the same LA acknowledging that they owe her £100 rather than her owing them anything. The DM is not satisfied that Angharad is a debtor and determines that deductions for CT arrears should not be made.

Example 2

Blair gets ESA(IR) and owns two cottages next door to each other. He lives in one cottage and the other is empty. The LA obtains a liability order against him for CT arrears on the empty cottage and makes a written application for deductions to be made. After deductions start Blair produces a copy of a closure order on the empty cottage showing that the cottage was closed as unfit for human habitation. The LA confirms that the cottage was closed and that as a result no CT is owed for it. The DM is not satisfied that Blair is a debtor. The award is revised and deductions stop. The effective date is the date the deduction commenced.

46469 If the DM is satisfied that the person named is a debtor, the DM then decides

1. whether there is enough benefit for a deduction to be made¹ **and**
2. the priority of deduction², where there is more than one deduction to be made to a third party and not enough benefit in payment to make them all.

1 Council Tax (Deductions from IS) Regs 93, reg 5(1)(b) & (2)(b); 2 SS (C&P) Regs, Sch 9, para 9

46470

Can a deduction be made

ESA(IR)

46471 A deduction can be made from ESA(IR) if the claimant would be left with at least 10p¹. No deduction should be made if it would leave the claimant with less than 10p.

1 Council Tax (Deductions from IS) Regs 93, reg 5(1)(b)

ESA(Cont) - underlying entitlement to ESA(IR)

46472 People who get ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate are treated as if they are on ESA(IR)¹. This means that a deduction can be made if the claimant would be left with at least 10p². No deduction should be made if it would leave the claimant with less than 10p.

ESA(Cont)

46473 There may be no underlying entitlement to ESA(IR) or underlying entitlement at less than the amount of ESA(Cont) payable. In such cases a deduction up to the maximum amount of 40% can be made if the amount of ESA(Cont) payable before the deduction is 10 pence or more¹.

1 Council Tax (Deductions from IS) Regs 93, reg 5(2)

Amount of deduction

46474 The amount of the deduction is fixed at

- 1. for ESA(IR)** - 5% of the personal allowance for a single person aged 25 or over¹
- 2. for ESA(Cont)** with underlying entitlement to ESA(IR) of at least the same rate - 5% of the personal allowance for a single person aged 25 or over²
- 3. for ESA(Cont)** - up to the maximum amount of 40% of the appropriate age related amount³.

1 Council Tax (Deductions from IS) Regs 93, reg 5(1); 2 reg 5(1); 3 regs 5(2) & 5(2A)

Other deductions

46475 Do not make deductions for recovery of CT arrears if deductions are being made for arrears of CC¹, even where there is enough benefit to do so.

1 Council Tax (Deductions from IS) Regs 93, reg 8(1)(c)

Maximum amount of deduction

46476 There is a maximum amount for payment of arrears to third parties where ESA(IR), ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate is in payment. That is 3 x 5% of the personal allowance for a single claimant aged 25 or over. The total amount deducted should not exceed this amount¹.

1 Council Tax (Deductions from IS) Regs, reg 5(1)(c)

46477 But there is a different rule where ESA(Cont) is in payment and ESA(IR) is not an issue or there is underlying entitlement at less than the amount of ESA(Cont) payable. The amount that can be deducted then is fixed at 40% of the appropriate age-related amount¹.

1 Council Tax (Deductions from IS) Regs, reg 5(2A)

More than one application

46478 Only one application for deductions can be dealt with at any one time¹. But more than one application may be received for the same debtor. Or further applications may be received when deductions are already being made for CT. Any such multiple applications should be referred, in date order, to the DM. Further deductions can be made only when deductions on any earlier application have ceased.

1 Council Tax (Deductions from IS) Regs 93, reg 8(1)(b)

46479 - 46480

Third party deductions for Community Charge 46481-46520

[Introduction](#) 46481-46482

[Application for deductions](#) 46483-46485

[DMs action](#) 46486-46495

[Can a deduction be made](#) 46496-46498

[Amount deducted - single debtor](#) 46499

[Amount deducted - couples](#) 46500-46510

[Maximum amount of deduction](#) 46511-46512

[Order of priority](#) 46513

[More than one application](#) 46514-46520

Introduction

46481 LAs may request deductions for arrears of CC, where the person owing the debt is a claimant entitled to¹

1. ESA(Cont) **or**

2. ESA(IR).

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 1(2); Community Charges (Deductions from IS) (Scotland) Regs 89, reg 1(2)

46482 Recoverable sums include any fines imposed because the person has failed to provide information in connection with registration for the charge.

Application for deductions

46483 Recovery of the arrears can be made if the billing authority (in Scotland, levying authority) has obtained from a court

1. in England and Wales, a liability order¹ **and**
2. in Scotland, a summary warrant or a decree².

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 2(1); 2 Community Charges (Deductions from IS) (Scotland) Regs 89, reg 2(1)

46484 In Scotland the warrant or decree may include an amount for arrears of water charges (see DMG 46400). Treat these arrears as a single debt with CC arrears.

Contents of application

46485 The DM must be able to identify the claimant from the details on the application for deductions, which should include¹ the

1. name and address of the debtor, or where the liability is against a couple, the names and addresses of both of them
2. name and place of the court concerned
3. date of the order, warrant or decree
4. amount of the specified arrears
5. total amount the authority wishes to have deducted.

Note: The validity of an application is a matter for the DM.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 2(2);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 2(2)

DMs action

46486 Before deductions can be made the DM must be satisfied that the claimant is a debtor. A person will normally be a debtor where there is

1. a liability order against them (in Scotland, a summary warrant or decree) **and**
2. an outstanding sum for which that liability order was made.

46487 The application for deductions should include these details (see DMG 46485) and can normally be accepted as evidence that the person named is a debtor. This means that in most cases the DM does not need to see the actual liability order or a certificate from the LA showing the amount outstanding.

46488 Where a debt is disputed on **reasonable grounds** the DM should investigate the matter and may need to see the liability order and LA certificate. Note that a dispute is not on reasonable grounds if claimant's simply say that they are not a debtor.

46489 The DM should consider any documentary evidence that may be produced showing that liability is in doubt. Although the Department cannot get involved in any dispute, enquiries should be made to the LA. If the DM is not satisfied that the claimant is a debtor deductions should not be made. If deductions have already started the claim should be revised or superseded¹ and deductions stopped. Normal overpayment action should be taken if appropriate.

1 SS Act 98, ss 9 & 10; SS CS (D&A) Regs, regs 3 & 6

Example 1

Ruth is in receipt of ESA(IR). The LA obtains a liability order against her for CC arrears of £200 and makes a written application for deductions to be made from Ruth's ESA(IR). Ruth produces an account from the same LA acknowledging that they owe her £50 rather than her owing them anything. The DM is not satisfied that Ruth is a debtor and determines that deductions for CC arrears should not be made.

Example 2

Davor gets ESA(IR) and owns two cottages next door to each other. He lives in one cottage and the other is empty. The LA obtains a liability order against him for CC arrears on the empty cottage and makes a written application for deductions to be made. After deductions start Davor produces a copy of a closure order on the empty cottage showing that the cottage was closed as unfit for human habitation. The LA confirms that the cottage was closed and that as a result no CC is owed for it. The DM is not satisfied that Davor is a debtor. The claim is revised and deductions stop. The effective date is the date the deductions commenced.

46490 If the DM is satisfied that the person named is a debtor, the DM must then decide¹

- 1.** whether there is enough benefit for a deduction to be made² **and**
- 2.** the priority of deduction³, where the claimant has other debts to be recovered by deduction from ESA.

1 R(IS) 3/92; 2 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1) & (2); Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(1) & (2); 3 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(4); Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(4)

46491 - 46495

Can a deduction be made

ESA(IR)

46496 A deduction can be made from ESA(IR) if the claimant would be left with at least 10p¹. Do not make a deduction if it would leave the claimant with less than 10p.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(1)

ESA(Cont) - underlying entitlement to ESA(IR)

46497 People who get ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate are treated as if they are on ESA(IR)¹. This means that a deduction can be made if the claimant would be left with at least 10p². No deduction should be made if it would leave the claimant with less than 10p.

1 Community Charges (Deductions from IS) (No 2) Regs 90, reg 1(2);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 1(2); 2 reg 3(1)

ESA(Cont)

46498 Where ESA(Cont) is payable a deduction can be made only if the amount of ESA(Cont) payable before the deduction is at least one third of the appropriate age-related amount¹.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(2);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(2)

Amount deducted - single debtor

46499 The amount of the deduction is fixed¹ at

1. for ESA(IR) - 5% of the personal allowance for a single person aged 25 or over

2. for ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate - 5% of the personal allowance for a single person aged 25 or over

3. for ESA(Cont) - one third of the appropriate age-related amount rounded down to the nearest penny.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1)(b) & (2)(b);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(1)(b) & (2)(b)

Amount deducted - couples

46500 The debtor may be one of a couple who receive ESA(IR). The amount to be deducted depends on who is named in the liability order. But if the partner is the only debtor no deductions can be made.

46501 Where the liability order is against the claimant only, the amount to be deducted is the same as for a single debtor. That is¹

1. for ESA(IR) - 5% of the personal allowance for a single person aged 25 or over

2. for ESA(Cont) - one third of the appropriate age-related amount (rounded down to the nearest penny).

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1)(b);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(2)(b)

46502 Where the liability order is against both members of a couple **and** ESA(IR) is payable for both of them, the amount deducted is 5% of the personal allowance for a couple where both are aged 18 or over¹.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(1)(a);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(1)(a)

46503 - 46510

Maximum amount of deduction

46511 The recovery of CC arrears is not subject to the limit imposed on deductions for other debts owed to third parties¹ (see DMG 46153). The sole criterion is whether there is enough benefit to enable deductions to be made.

1 SS (C&P) Regs, Sch 9, para 8 (1) & (2)

46512 ESA(Cont) may be in payment with ESA(IR) not an issue or there may be underlying entitlement at less than the amount of ESA(Cont). The amount that can be deducted is then fixed at one third of the appropriate age-related amount.

Order of priority

46513 There may not be enough benefit to enable deductions to be made for arrears of CC and other debts. The order of priority in DMG 46163 should then be followed¹.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 3(4);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 3(4)

More than one application

46514 Only one application for deductions can be dealt with at any one time¹. But more than one application may be received for the same debtor. Or further applications may be received when deductions are already being made for CC. Any such multiple applications, should be referred in date order, to the DM. Further deductions can be made only when deductions on any earlier application have ceased.

1 Community Charges (Deductions from IS) (No. 2) Regs 90, reg 4(1)(b);
Community Charges (Deductions from IS) (Scotland) Regs 89, reg 4(1)(b)

46515 - 46520

Third party deductions for fines 46521-46570

[Introduction](#) 46521

[Application for deductions](#) 46522-46530

[DMs action](#) 46531-46532

[Can a deduction be made](#) 46533-46535

[Amount of deduction](#) 46536

[Maximum amount of deduction](#) 46537-46538

[Order of priority](#) 46539-46560

[Further applications](#) 64561-46570

Introduction

46521 A court may, after enquiring into an offender's means, find that an offender is claiming ESA. The court may then request deductions for payment of an offender's fines, costs, compensation order or confiscation order imposed under specified legislation¹. Deductions may be made from² ESA(IR).

1 Proceeds of Crime Act 2002; 2 Fines (Deductions from IS) Regs 92, reg 1(2)

Application for deductions

46522 An application can be made by¹ any

1. magistrates court or fines officer in England and Wales

2. court in Scotland.

1 Fines (Deductions from IS) Regs 92, reg 2(1)

46523 Fines officer¹ means the officer of the court responsible for enforcing payment of the sum due.

1 Fines (Deductions from IS) Regs 92, reg 1(2)

46524 An offence has been created¹ for failing to provide information essential to making a deduction

from benefit application. This offence can only be established where the offender fails to provide prescribed information² and is applicable in England and Wales only.

1 Courts Act 2003, s 96; 2 Fines (Deductions from IS) Regs 1992

46525 The court may require that the offender provide¹

1. their full name
2. their full address
3. their date of birth
4. their NI number **and**
5. the name of the benefits to which they are entitled.

Note: In this context benefits means ESA.

1 Fines (Deductions from IS) Regs 92, reg 2A

46526 A court can transfer a fine, costs, confiscation order or compensation order to another court. The receiving court is then responsible for recovery and may apply for third party deductions. However in most cases a court will retain responsibility for collection of the fine when the offender moves outside the area. An application can include more than one fine or compensation order, or combination of both.

46527 In Scotland, the DM can make deductions only where

1. the offender has defaulted in paying the fine, compensation order, or an instalment of either¹ **and**
2. at the time of application by the court the offender is aged 18 or over² **and**
3. the offender is entitled to ESA throughout any benefit week³ **and**
4. no deductions are being made in respect of the offender under any other application⁴.

1 Fines (Deductions from IS) Regs 92, reg 7(2)(c); 2 reg 7(2)(a); 3 reg 7(1)(a) & (2)(b); 4 reg 7(1)(b)

46528 In England and Wales, the legislation has been modified¹ to

1. allow deductions to be made from benefits for the purpose of recovering a fine with the consent of the offender, whether or not he is in default
2. allow the fines officer as well as the court to apply to the Secretary of State for deductions to be made
3. allow the automatic application for deductions from benefit either immediately by the court (if the

offender is an existing defaulter), or by the fines officer upon first default on payment terms agreed with the court

4. enable the fines officer to apply for deductions from benefits as a further step in enforcing a fine against a persistent defaulter, if it is appropriate to do so at that stage in the enforcement process (e.g. if the offender has gone onto benefits since the original repayment terms were set).

1 Fines (Deductions from IS) Regs 92, reg 3(1)(g)

46529 In England and Wales DMs need to be aware that third party deductions for fines can be considered without the offender's consent or existing default in cases where there is an element of compensation in the court order¹.

1 Courts Act 2003, Sch 5, para 7A

Contents of application

46530 The DM must be able to identify the claimant from the details on the application for deductions, which should include¹

- 1.** the name, address and if known the date of birth of the offender
- 2.** the date when the fine was imposed or the compensation order made
- 3.** the name and address of the court concerned
- 4.** the amount of the fine or compensation order
- 5.** the date on which the application is made
- 6.** the date on which the court enquired into the offender's means
- 7.** whether the offender has defaulted in paying the fine, compensation order or any instalment of either.

Note: The validity of an application is a matter for the DM.

1 Fines (Deductions from IS) Regs 92, reg 3

DMs action

46531 The DM should determine¹

- 1.** whether there is enough benefit to allow a deduction to be made **and**
- 2.** the priority of the deduction **and**

3. the maximum amount of deductions.

1 Fines (Deductions from IS) Regs 92, reg 4(1) & (2)

46532 The court can withdraw an application at any time.

Can a deduction be made

ESA(IR)

46533 A deduction can be made from ESA(IR) if the claimant would be left with at least 10p¹. No deduction should be made if it would leave the claimant with less than 10p.

1 Fines (Deductions from IS) Regs 92, reg 4(1)(b)

ESA(Cont) - underlying entitlement to ESA(IR)

46534 People who get ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate are treated, for the purposes of fines deductions only, as if they are on ESA(IR)¹. This means that a deduction can be made if the claimant would be left with at least 10p². No deduction should be made if it would leave the claimant with less than 10p.

1 Fines (Deductions from IS) Regs 92, reg 1(2); 2 reg 4(1)(b)

ESA(Cont)

46535 ESA(Cont) may be payable with no underlying entitlement to ESA(IR) or there may be underlying entitlement to ESA(IR) at less than the amount of ESA(Cont) payable. A deduction up to the maximum amount of 40% can be made only if the amount of ESA(Cont) payable before the deduction is 10 pence or more¹.

1 Fines (Deductions from IS) Regs 92, reg 4(2)(b)

Amount of deduction

46536 The rate of deduction for a fine or compensation order is a flat rate¹ of

1. for ESA(IR) - £5.00 or, where there is insufficient benefit to support a £5.00 deduction or two other third party deductions, a standard rate of 5% of the personal allowance for a single person aged 25 or over

2. for ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate - £5.00 or, where there is insufficient benefit to support a £5.00 deduction, a standard rate of 5% of the personal

allowance for a single person aged 25 or over

3. for ESA(Cont) - up to a maximum amount of 40% of the appropriate age-related amount².

Note: The flat rate of £5.00 is a statutory amount that will not be routinely updated.

1 Fines (Deductions from IS) Regs 92, reg 4(1); regs 4(2) & 4(2A)

Maximum amount of deduction

46537 There is a maximum amount for payment of arrears to third parties where ESA(IR), ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate is in payment. That is 3 x 5% of the personal allowance for a single claimant aged 25 or over¹. The total amount deducted should not exceed this amount.

1 Fines (Deductions from IS) Regs 92, reg 4(1)(c)

46538 But there is a different rule where ESA(Cont) is in payment and ESA(IR) is not an issue. The amount that can be deducted in such a case is fixed at 40% of the appropriate age-related amount¹.

1 Fines (Deductions from IS) Regs 92, reg 4(2A)

Example 1

John receives ESA(IR) of £50.00 per week. He already has a third party deduction for gas arrears but there is enough benefit to accommodate an increased fines deduction.

| | |
|-----------------------------------|----------|
| Available benefit | - £50.00 |
| third party deduction gas arrears | - £3.05 |
| third party deduction fine | - £5.00 |

Example 2

Mary receives ESA(IR) of £45.00 per week. She has deductions for arrears of gas and water. In this case there is not enough benefit to take an increased fines deduction so the standard rate would apply.

| | |
|-------------------|----------|
| Available benefit | - £45.00 |
|-------------------|----------|

third party deduction gas arrears - £3.05

third party deduction water
arrears - £3.05

third party deduction fines - £3.05

Example 3

Cyril receives ESA(IR) of £44.00 per week. He has deductions for arrears and consumption of gas. He has not consented to deductions exceeding 25% of his applicable amount. In this case there is enough benefit to take an increased fines deduction so the increased rate would apply.

Available benefit - £44.00

third party deduction gas arrears - £3.05

third party deduction gas
consumption - £5.00

third party deduction fine - £5.00

Even though the higher level of fines deduction takes the total level of deductions to over 25% of applicable amount, Cyril's consent is not required¹.

1 SS (C&P) Regs, Sch 9, para 8(2)

Order of priority

46539 Do not make a deduction from ESA(Cont) for payment of an offender's fines or compensation order if¹ deductions are being made for

1. CC arrears or

2. CT arrears.

1 Fines (Deductions from IS) Regs 92, reg 4(3)

46560 Those deductions have a higher priority (see DMG 46163). They should be taken in place of any deduction for fines or compensation that would otherwise be appropriate. Deductions for fines should stop if deductions for arrears of CC or CT start.

Further applications

46561 Further applications may be received when deductions are already being made for fines or an existing application may be withdrawn by the court to add on further fines debts and a new application made for a revised amount. Further deductions can be made only when deductions on any earlier application have ceased¹, or the court has withdrawn the application.

1 Fines (Deductions from IS) Regs 92, reg 7(5)

46562 - 46570

Third party deductions for eligible loan deduction scheme 46571-46620

[Introduction](#) 46571-46574

[Definitions](#) 46575-46580

[Deductions from benefit](#) 46581-46583

[Prevention of duplicate deductions](#) 46584

[Deductions - priority order](#) 46585-46600

[Amount of the deduction](#) 46601

[Notification](#) 46602

[Circumstances in which deductions will cease](#) 46603-46610

[Payments of amounts deducted](#) 46611-46612

[Maximum amount of deductions](#) 46613

[Consent of claimant required](#) 46614

[Priority between debts](#) 46615-46620

Introduction

46571 The ELDS is a scheme whereby repayment of loans made to claimants by certain lenders can be made by deductions from benefit.

46572 The purpose of ELDS is to make low cost loans more accessible to those on low incomes who may not be able to use mainstream financial services. It aims to achieve this by reducing the debt recovery risk of lending to low income customers.

46573 In practice deductions will be the responsibility of Debt Management and will be processed at Debt Centre Washington.

46574 The benefits from which deductions can be made are CA, IB, RP, IS, JSA, SPC and ESA. Guidance on deductions from CA, IB and RP can be found in DMG Chapter 08, for IS and JSA in Chapter 33 and for

Definitions

Borrower

46575 “Borrower” means¹ a person who

1. has (either alone or jointly) entered into a loan agreement

1.1 with an eligible lender **and**

1.2 in respect of an eligible loan

and

2. is entitled to an eligible benefit.

1 SS (C&P) Regs, Sch 9, para 7C(1)

Eligible benefit

46576 “Eligible benefits” are¹ CA, IB, RP, IS, JSA, SPC and ESA.

1 SS (C&P) Regs, Sch 9, para 7C(2)

Eligible lender

46577 “Eligible lender” means¹

1. a credit union within the meaning of specified legislation² **or**

2. one of the following bodies provided it is licensed under specified legislation³

2.1 an Industrial or Provident Society registered under specified legislation⁴ **or**

2.2 a charitable institution within the meaning of specified legislation⁵ **or**

2.3 a body entered on the Scottish Charity Register under specified legislation⁶ **or**

3. a community interest company within the meaning of specified legislation⁷

which may be determined by the Secretary of State as an appropriate body to which repayments of loans may be made on behalf of borrowers.

1 SS (C&P) Regs, Sch 9, para 7C(1); 2 Credit Unions Act 1979, s 1; 3 Consumer Credit Act 1974;
4 Industrial and Provident Societies Act 1965, s 1; 5 Charities Act 1992, s 58(1);
6 Charities and Trustee Investment (Scotland) Act 2005, s 3;
7 Companies (Audit, Investigations and Community Enterprise) Act 2004, Part 2

Eligible loan

46578 An “eligible loan” is¹ a loan made to a borrower by a lender who is, at the time the loan was made, an eligible lender but this **does not** include loans

1. which are secured by a charge or pledge
2. which are for the purposes of business or self-employment
3. which are made by means of a credit card.

1 SS (C&P) Regs, Sch 9, para 7C(1)

Loan agreement

46579 “Loan agreement” means¹ an agreement between the eligible lender and the borrower in respect of an eligible loan.

1 SS (C&P) Regs, Sch 9, para 7C(1)

46580

Deductions from benefit

46581 A DM may make deductions from an eligible benefit where the following conditions¹ are satisfied

1. the borrower has failed to make payments as agreed with the eligible lender for a period of 13 weeks before the date of the application and payments have not resumed
2. the borrower has given written permission to the eligible lender to provide to the Secretary of State personal data within the meaning of specified legislation²
3. the eligible lender has agreed that no interest or other charge will be added to the amount owed at the date of the application
4. no sum is being deducted from eligible benefit under the ELDS³
5. no sum is being deducted from the borrower’s eligible benefit at the date of application to recover an overpayment under specified legislation⁴

6. no sum is being deducted from the borrower's eligible benefit at the date of application to recover a social fund award⁵.

1 SS (C&P) Regs, Sch 9, para 7C(4); 2 Data Protection Act 1998, s 1;
3 SS (C&P) Regs, Sch 9, para 7C(4); 4 SS A Act 92, s 71(8); 5 s 78

46582 The DM will notify both the borrower and the eligible lender in writing of a decision to make deductions from benefit¹.

1 SS (C&P) Regs, Sch 9, para 7C(5)

46583 The DM may only make deductions if the borrower is entitled¹ to an eligible benefit (see DMG 46576) throughout a benefit week.

1 SS (C&P) Regs, Sch 9, para 7C(6)

Prevention of duplicate deductions

46584 No deduction will be made from an eligible benefit (see DMG 46576) where the borrower is in receipt of

1. UC **or**

2. new style ESA **or**

3. new style JSA

unless the amount of benefit at **1.**, **2.** or **3.** is insufficient to meet the deduction¹.

1 SS (C&P) Regs, Sch 9, para 7C(6A)

Example

Petra is entitled to CA of £59.75 per week and UC of £197.33 per month. The DM receives an application from an eligible lender for deductions under ELDS and calculates 5% of Petra's standard allowance of UC as £15.58. The DM decides that the deduction should be taken from Petra's UC as there is sufficient UC to meet the deduction.

Deductions - priority order

46585 Unlike other third party deductions, deductions for eligible loans may be taken from CA, IB, RP and SPC (see DMG Chapter 8 and Chapter 79) in addition to IS, JSA (see Chapter 33) and ESA, as different policy objectives apply to the ELDS. However, legislation¹ specifies the order of the benefits

from which deductions are taken.

1 SS (C&P) Regs, Sch 9, para 7C(7) & (8)

46586 The DM should not take deductions from CA if the borrower is in receipt of another eligible benefit unless that benefit is

1. IB or RP and is insufficient for the deduction to be made **or**

2. IS, JSA, SPC or ESA and the amount is insufficient to meet the deduction plus 10p¹.

1 SS (C&P) Regs, Sch 9, para 7C(7)

46587 The DM should not take deductions from IB or RP if the claimant receives IS, JSA, SPC or ESA unless that benefit is insufficient to meet the deduction plus 10p¹.

1 SS (C&P) Regs, Sch 9, para 7C(8)

46588 - 46600

Amount of the deduction

46601 The rate of deduction for ELDS is a fixed amount equal to 5% of the IS personal allowance for a single claimant aged over 25¹ rounded up to the nearest multiple of 5p.

1 SS (C&P) Regs, Sch 9, para 7C(3)

Notification

46602 The DM must notify the borrower and the eligible lender in writing of the decision to make ELDS deductions¹.

1 SS (C&P) Regs, Sch 9, Para 7C(5)

Circumstances in which deductions will cease

46603 The DM shall cease making ELDS deductions if¹

1. there is no longer sufficient entitlement to an eligible benefit to enable deductions to be made

2. entitlement to all eligible benefits has ceased

3. a sum is deducted from the borrower's eligible benefit to recover overpaid benefit under specified

legislation²

4. the eligible lender notifies the Secretary of State that he no longer wants to accept payment by deductions

5. the liability to make payment on the loan has ceased

6. the lender has ceased to be an eligible lender

7. the borrower no longer resides in GB.

1 SS (C&P) Regs, Sch 9, para 7C(9); 2 SS A Act 92, s 71

46604 - 46610

Payments of amounts deducted

46611 Payments of sums deducted will be made to the eligible lender¹.

1 SS (C&P) Regs, Sch 9, para 7C(10)

46612 The DM will notify the borrower in writing of the total sums deducted¹

1. when a written request for this information is received from the borrower **or**

2. on the termination of deductions.

1 SS (C&P) Regs, Sch 9, para 7C(11)

Maximum amount of deductions

46613 There is a maximum amount¹ for payment of arrears to third parties where ESA(IR), ESA(Cont) with underlying entitlement to ESA(IR) of at least the same rate is in payment. That is 3 x 5% of the personal allowance for a single claimant aged 25 or over. The total amount deducted should not exceed this amount (see DMG 46153).

1 SS (C&P) Regs, Sch 9, para 8(1) & 7C(12)(a)

Consent of claimant required

46614 Unless the claimant consents¹, no third party deduction can be made for an eligible loan where the total deductions exceed 25% of the family's applicable amount.

Note: Any housing costs included in the applicable amount should not be taken into consideration when deciding whether third party deductions exceed 25% of the family's applicable amount² (see DMG 46155).

1 SS (C&P) Regs, Sch 9, para 8(2); 2 para 8(4)(a)(iv); ESA (TP, HB & CTB) (EA) (No. 2) Regs, Sch 4, para 1

Priority between debts

46615 The priority order¹ listed at DMG 46163 should be followed.

1 SS (C&P) Regs, Sch 9, para 9(1B)(h)

46616 - 46620

Third party deductions for integration loan scheme 46621-46999

[Introduction](#) 46621-46624

[Definitions](#) 46625-46630

[Deductions from benefit](#) 46631-46634

[Consent](#) 46635

[Priority between debts](#) 46636-46999

Introduction

46621 The Integration Loan Scheme is a Home Office designed initiative to help individuals and their dependants settle into the community following a decision to grant them refugee status or humanitarian protection in the UK. The initiative is intended to provide interest free loans¹ to buy goods and services which will assist integration (e.g. essential household items, training) to certain groups.

1 The Integration Loans for Refugees and Others Regulations 2007, SI 2007 No. 1598

46622 Integrated Loan Scheme replaces the refugee back payment scheme which ceased on 14.6.07. The new scheme commenced on 11.6.07.

46623 The Home Office will deal with loan applications and decide who is eligible and the amount to be awarded. Payment of the loan and subsequent recovery action will be undertaken by Debt Management.

46624 Deductions from specified benefits for the Integrated Loan Scheme will be subject to normal third party deduction rules on individual and maximum amounts (see DMG 46151 and DMG 46153), and will be included in the priority order (see DMG 46163).

Definitions

Integration loan

46625 “Integration loan which is recoverable by deductions” means¹ an integration loan made under specified legislation² which is recoverable from the recipient by deductions from specified benefits³.

1 SS (C&P) Regs, Sch 9, para 1(1); 2 The Integration Loans for Refugees and Others Regs 2007, SI 2007

Specified benefit

46626 Specified benefit¹ has the meaning described in DMG 46140.

1 SS (C&P) Regs, Sch 9, para 1

46627 - 46630

Deductions from benefit

46631 Deductions can be made from ESA for integration loans.

Amount of the deduction

46632 The rate of deduction for Integrated Loan Scheme is a fixed amount equal to 5% of the ESA personal allowance for a single claimant aged over 25¹ rounded up to the nearest multiple of 5p, including where the loan is a joint loan.

1 SS (C&P) Regs, Sch 9, para 7D

46633 Couples may take out a joint loan and so have joint liability for repayment of the debt¹. If the couple separate, deductions can be taken from either partner. The Home Office will be responsible for deciding the liability of joint loan applicants who separate.

1 The Integration Loans for Refugees and Others Regulations 2007, SI 2007 No. 1598

46634 The claimant should be left with at least 10p specified benefit after third party deductions have been made¹. No deduction should be made if it would leave the claimant with less than 10p.

1 SS (C&P) Regs, Sch 9, para 2(2)

Consent

46635 Unless the claimant consents¹, no third party deduction can be made for an integration loan where the total deductions exceed 25% of the family's applicable amount. Any housing costs included in the applicable amount should not be taken into consideration (see DMG 46155).

1 SS (C&P) Regs, Sch 9, para 8(2)

Priority between debts

46636 The priority order¹ listed at DMG 46163 should be followed.

1 SS (C&P) Regs, Sch 9, para 9(1B)(ga)

46637 - 46999

Appendix 1

Amount in respect of personal expenses to be deducted for miscellaneous accommodation costs.

| | |
|--------------|--------------------|
| From 6.4.19 | £26.20 |
| From 6.4.20 | £27.00 |
| From 6.4.21 | £27.00 (no change) |
| From 11.4.22 | £27.00 (no change) |
| From 10.4.23 | £29.75 |
| From 8.4.24 | £31.75 |
| From 7.5.25 | £32.30 |
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