04-26: New income and capital disregards for ESA(IR) and SPC

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Introduction

1. This memo gives guidance on changes introduced to ESA(IR) and SPC by the Social Security (Miscellaneous Amendments) Regulations 2026 (SI 2026/1063)[1] and the Social Security (Income and Capital Disregards) (Amendment) Regulations 2026 (SI 2026/1072)[2]. Both Regulations extend to England, Wales, and Scotland.

1 SI 2026 No. 1063; 2 SI 2026 No. 1072

2. SI 2026/1063 introduces changes related to the Irish Mother and Baby Institutions Payment Scheme established by the Irish Government[1] and cif on 30.10.26[2].

1 Irish Mother and Baby Institutions Payment Scheme Act 2023; 2 SI 2026 No. 1063, reg 1(1)

3. SI 2026/1072 introduces changes related to the Church of England Redress Scheme[1] and cif on 31.10.26 or, if later, the day on which s 12 of the Abuse Redress Measure 2025 cif[2].

1 Abuse Redress Measure 2025; 2 SI 2026 No. 1072, reg 1(2)

Background

4. The Irish Mother and Baby Institutions Payment Scheme provides financial compensation, referred to as a Mother and Baby Scheme payment, to eligible people who spent time in Mother and Baby Institutions. The Scheme is administered by the Irish Government.

5. The Church of England Redress Scheme provides financial compensation, referred to as a Church of

England Redress payment, to eligible people who suffered abuse carried out by a person representing the Church of England.

Treatment of payments for SPC entitlement

6. Mother and Baby Scheme payments and Church of England Redress payments are disregarded indefinitely as capital for the purpose of calculating income for SPC[1]. Payments from both schemes are not prescribed as income[2].

1 SPC Regs, Sch V, para 15; 2 SPC Act 02, s 15; SPC Regs, reg 15

Treatment of payments for ESA(IR) entitlement

7. Mother and Baby Scheme payments and Church of England Redress payments are disregarded as income[1] and disregarded indefinitely as capital[2] in the assessment of ESA(IR).

1 ESA Regs 2008, Sch 8, para 41; 2 reg 112(8)(b); Sch 9, para 27

8. Mother and Baby Scheme payments and Church of England Redress payments are not to be treated as notional income[1] or notional capital[2].

1 ESA Regs, reg 107(5A); 2 reg 115(5A)

Housing costs – non-dependant deductions

9. For ESA(IR)[1] and SPC[2], Mother and Baby Scheme payments and Church of England Redress payments are disregarded from a non-dependant's gross weekly income when calculating deductions from allowable housing costs.

1 ESA Regs, Sch 6, para 19(8); 2 SPC Regs, Sch II, para 14(8)

Annotations

Please annotate the number of this memo (DMG Memo 04-26) against the following DMG paragraphs:

44611, 51341, 51606, 52447, 52729, 52862, 78524, 84475

Contacts

If you have any queries about this memo, please write to Decision Making and Appeals (DMA) Leeds, 3E zone E, Quarry House, Leeds. Existing arrangements for such referrals should be followed, as set out in – Memo 4/19 Requesting case guidance from DMA Leeds for all benefits.

DMA Leeds: October 2026

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