EXPLANATORY MEMORANDUM TO

THE CHILD BENEFIT AND GUARDIAN'S ALLOWANCE (ADMINISTRATION) (AMENDMENT) REGULATIONS 2016

2016 No. 681

1. Introduction

1.1 This explanatory memorandum has been prepared by HM Revenue & Customs (HMRC) and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 This SI amends regulation 16 of the Child Benefit and Guardian's Allowance (Administration) Regulations 2003 (S.I. 2003/492) to broaden the categories of bank or other accounts into which Child Benefit and Guardian's Allowance may be paid by direct credit transfer. In doing so, it brings this provision into line with the rules in tax credits and other social security benefits.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Section 5(1)(i) and (2)(a) of the Social Security Administration Act 1992 enables, in relation to Great Britain, regulations to be made which provide for the person to whom, time when, and manner in which Child Benefit is to be paid, and for information and evidence to be furnished in connection with the payment of this benefit. Section 5(1)(j) and (2)(a) of the Social Security Administration (Northern Ireland) Act 1992 makes similar provision in relation to Northern Ireland.

4.2 Regulation 16 of the Child Benefit and Guardian's Allowance (Administration) Regulations 2003 (S.I. 2003/492) requires Child Benefit and Guardian's Allowance to be paid by direct credit transfer into a bank or other account unless payment is made by another means in accordance with regulation 17.

4.3 Regulation 16(4) stipulates the type of account that must be used for the payment of these benefits. It currently provides that the bank or other account must be in the name of the person entitled to the benefit, the person's partner, a person acting on their behalf, or in the joint names of the person entitled to the benefit and their partner or the joint names of the person and the person acting on their behalf.

4.4 This instrument makes changes to broaden the provision in regulation 16.

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

What is being done and why

7.1 This instrument amends regulation 16 of the Child Benefit and Guardian's Allowance (Administration) Regulations 2003 (S.I. 2003/492) to allow Child Benefit and Guardian's Allowance to be paid into any bank or other account notified to HMRC by the person entitled to the benefit or allowance.

7.2 The provisions referred to in paragraph 4.3 above potentially operate to prevent HMRC making payment into non-standard accounts, such as some types of account administered by credit unions (where the account to which HMRC would make payment would typically be in the name of the credit union itself rather than the individual customer).

7.3 This instrument removes the restrictions in regulation 16(4) and broadens the provisions in regulation 16 to allow Child Benefit and Guardian's Allowance to be paid into any bank or other account nominated by the claimant. This means that regulation 16 will now allow payments into non-standard accounts, such as those administered by credit unions.

7.4 This will improve our customer service in two key respects. It firstly recognises that credit union accounts make financial services more accessible and are now used by more and more people, including benefit claimants. It secondly brings consistency in the way benefits are paid, since tax credits and social security legislation on payment by direct credit transfer already allows payments into any bank or other account nominated by the claimant (see, for example, regulation 13(1) of the Tax Credits (Payments by the Commissioners) Regulations 2002 (S.I. 2002/2173), and regulation 9 of the Social Security (Payments on Account of Benefit) Regulations 2013 (S.I. 2013/383) as substituted by S.I. 2014/2888.

Consolidation

7.5 There is no current plan to consolidate the Child Benefit and Guardian's Allowance (Administration) Regulations 2003.

8. Consultation outcome

8.1 There is no statutory requirement to consult on these amendment regulations and no public consultation has been undertaken. However, the Social Security Advisory Committee (SSAC) has considered these regulatory changes under its Memorandum of Understanding with HM Treasury and HMRC.

9. Guidance

9.1 These amendments will be reflected in the Child Benefit claim form and claim notes. The Child Benefit Technical Manual accessible at GOV.UK website will also be updated to reflect the changes made.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 These are technical changes and do not require further review.

13. Contact

13.1 May Cantell at HM Revenue & Customs, telephone: 03000 586596 or email: may.cantel@hmrc.gsi.gov.uk, can answer any queries regarding the instrument.