EXPLANATORY MEMORANDUM TO

THE CHRISTMAS BONUS (RELEVANT WEEK) ORDER 2008

2008 No. 3064

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This order is intended to form part of a pair of statutory instruments to provide for a one-off increase in the amount of the Christmas Bonus for 2008, to be paid in 2008/09. The amount paid through the Christmas Bonus for 2008 to those in receipt of a qualifying benefit in the relevant week is intended to increase from the regular rate of £10 by an additional amount of £60, to £70 in total.

2.2 This statutory instrument provides that the relevant week for 2008 is the week beginning 22 December 2008. The relevant week is the week in respect of which a person must satisfy the qualifying criteria to receive payment of a Christmas Bonus.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 This instrument was made on 26 November 2008 and comes into force on 27 November, so will breach the Committee's rule by which an instrument should not come into force until it has laid before Parliament for at least 21 days.

3.2 Subsection (4) of section 150 (interpretation of Part 10) of the Social Security Contributions and Benefits Act 1992 provides that the "relevant week" for the purposes of that Part of the Act is the week beginning with the first Monday in December in relation to any year. In order to be able to increase the Christmas bonus payment for 2008, it will be necessary to make an order under subsection (3)(b) of section 148 (entitlement of pensioners to Christmas bonus). So that that order may have time to be debated and, if approved, made, it is necessary that this order specifies a later relevant week for the year 2008. It must do this before that relevant week would otherwise fall and so must come into force before 1st December 2008.

3.3 The Department apologises for breaching the 21-day rule but believes that this is justified by the need to act quickly in response to the current fiscal stimulus.

4. Legislative Context

4.1 This statutory instrument is made under powers conferred by section 150(4) of the Social Security Contributions and Benefits Act 1992 (c. 4).

4.2 Subsection 148(1) of the Social Security Contributions and Benefits Act 1992 provides for a Christmas Bonus to be made to someone who is ordinarily resident in the United Kingdom or any other member state during a specific week (the "relevant week") and entitled to a qualifying benefit in that week.

4.3 Subsection 150(4) of that Act specifies the "relevant week" as the week beginning on the first Monday in December or any such other week specified in an order made by the Secretary of State.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

The Minister of State for Pensions and the Ageing Society has made the following statement regarding Human Rights:

In my view the provisions of the Christmas Bonus (Relevant Week) Order 2008 are compatible with the Convention rights.

7. Policy background

- ***What is being done and why***

7.1 The Christmas Bonus is an annual payment of £10 that has been paid with the State Pension, Pension Credit, and a number of disability benefits which go to children and working age customers since 1972. It is a tax-free payment and is not taken into account in the income-related benefits.

7.2 The qualifying benefits are listed in section 150(1) of the Social Security Contributions and Benefits Act 1992. These benefits include State Pension, Pension Credit, Incapacity Benefit (long term), Employment and Support Allowance, Carer's Allowance, Attendance Allowance, Disability Living Allowance, bereavement benefits and war pensions.

7.3 To receive the Christmas Bonus a customer must satisfy the residence conditions and receive a qualifying benefit in the relevant week: this is the week beginning with the first Monday in December or such other week as may be specified in an order by the Secretary of State.

7.4 Around 15 million people will receive the Christmas Bonus for 2008. Around 12.5 million (85 per cent) are pensioners. Of the remaining 2.5 million recipients around 2 million receive the Christmas Bonus through entitlement to a disability benefit, around 350,000 through entitlement to Carer's

Allowance, and around 150,000 through entitlement to bereavement benefits. Individuals entitled to more than one qualifying benefit will only receive a single Christmas Bonus.

7.5 As part of a package of measures to stimulate the economy, the Chancellor announced his intention during the Pre-Budget Report statement to increase help to Christmas Bonus recipients. The Chancellor said:

‘ … I will ensure that every pensioner will get a one-off payment of £60, on top of the £10 Christmas Bonus, from January. And for couples, £120, also from January. And this £70 payment will also go to children with disabilities.’

7.6 This increase will go to all those who qualify for a Christmas Bonus and is intended to help people in vulnerable groups and on fixed incomes, in light of the current economic conditions. (The payment is equivalent to an amount which covers bringing forward uprating of a full basic State Pension from April to January.) It is imperative that this payment can be made to recipients as quickly as possible as part of the fiscal stimulus package and as closely as possible to the normal date for receipt of the Christmas Bonus in December. This has implications for the legislation and operational delivery of the increased payment.

7.7 The regular £10 rate of the Christmas Bonus will be paid to customers from December and an additional instalment of £60 will then be paid subsequently between January and March 2009. The bulk of payments of the additional instalment will be made in January to pensioners who receive the Christmas Bonus.

7.8 To enable this, this Order specifying a new relevant week must be made week commencing 24 November 2008 so that subsequent parliamentary debate can be completed before the Christmas recess in December 2008.

8. Consultation outcome

8.1 There is no requirement to consult on this order.

9. Guidance

9.1 The Department for Work and Pensions plans to set out the arrangements for the payment in notification letters to customers with an accompanying flyer leaflet and information on departmental websites. There will also be a dedicated telephone number for customers to call to contact the Department for Work and Pensions to find out more information.

10. Impact

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is a programme cost of £900 million plus around £2 million for administration.

10.3 An Impact Assessment has not been prepared for this instrument as no impact on the private or voluntary sectors is foreseen.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 This order concerns a one-off change for 2008 only.

13. Contact

Delaris Edwards at the Department for Work and Pensions Tel: 0207 712 2264 or email: delaris.edwards@dwp.gsi.gov.uk can answer any queries regarding the instrument.