EXPLANATORY MEMORANDUM

THE SOCIAL SECURITY (CREDITS) (AMENDMENT No. 2) REGULATIONS (NORTHERN IRELAND) 2012

S.R. 2012 No. 394

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2 The Statutory Rule is made under sections 22(5) and 171(1) and (3) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 and is subject to the negative resolution procedure.

2. Purpose

2.1 The Regulations amend the Social Security (Credits) Regulations (Northern Ireland) 1975 ("the Credits Regulations") to provide that a Child Benefit recipient may transfer a Class 3 National Insurance credit awarded under section 23A of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 to another specified adult in certain circumstances. It clarifies the original policy intention which is that one of the conditions to be satisfied is that the Child Benefit recipient must have a qualifying year which can be made up from National Insurance contributions or credits of any class except for a Class 3 National Insurance credit based on their award of Child Benefit.

3. Background

3.1 The Credits Regulations allow for National Insurance contributions to be credited in certain circumstances, for example, where a person is incapable of work through illness or disability; unemployed and available for, and actively seeking work or where they receive Child Benefit for a child under 12.

3.2 Regulation 9F of those Regulations provides that where a Child Benefit recipient already has a qualifying year for State Pension purposes they may, in effect, transfer any Class 3 credit awarded alongside their Child Benefit to a specified relative who is living in Northern Ireland and providing care for a child under the age of 12. This will enable a person, for example a working-age grandparent, who has given up work to care for a relative's child to continue to build up entitlement to their State Pension. Arrangements like this also exist between partners.

3.3 Under the current regulations, the Child Benefit recipient can only accrue a qualifying year from either Class 1 contributions (that is those paid on earnings) or Class 1 credits. The amendment provides that contributions or credits of any class will count towards accruing a qualifying year. The

exception is a credit awarded to the Child Benefit recipient under section 23A of the Social Security Contributions and Benefits (Northern Ireland) Act 1992. This ensures that two people cannot accrue entitlement to State Pension from the same National Insurance credit.

4. Consultation

4.1 As the Regulations make, in relation to Northern Ireland, only provision corresponding to provision contained in Regulations made by the Secretary of State for Work and Pensions in relation to Great Britain consultation with the Social Security Advisory Committee is not required.

5. Equality Impact

5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department conducted a screening exercise on proposals for these Regulations and has concluded that they did not have significant implications for equality of opportunity. In light of this, the Department considered that an equality impact assessment was not necessary.

6. Regulatory Impact

6.1 These Regulations do not require a Regulatory Impact Assessment as they do not impose a cost on business, charities or voluntary bodies.

7. Financial Implications

7.1 None.

8. Section 24 of the Northern Ireland act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied the Rule—

(a) is not incompatible with any of the Convention rights,

(b) is not incompatible with Community law,

(c) does not discriminate against a person or class of person on the ground of religious belief or political opinion, and

(d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain Regulations are the Social Security (Credits) (Amendment No. 2) Regulations 2012 and come into force on 1

December 2012. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998.