EXPLANATORY MEMORANDUM TO

THE STATUTORY PARENTAL BEREAVEMENT PAY (MISCELLANEOUS AMENDMENTS) REGULATIONS 2020

2020 No. 240

1. Introduction

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

2. Purpose of the instrument

2.1 This statutory instrument inserts reference to Statutory Parental Bereavement Pay alongside references to existing statutory payments to ensure it is correctly accounted for by employers and is treated consistently with existing family-related statutory payments. The changes in this instrument will come into force on 6 April 2020.

3. Matters of special interest to Parliament

Matters of special interest to the Select Committee on Statutory Instruments.

3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is the United Kingdom.

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

5. European Convention on Human Rights

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

6. Legislative Context

6.1 Part 2, paragraphs 4 and 5 of the Schedule to the Parental Bereavement (Leave and Pay) Act 2018 ("the 2018 Act") inserted a new Part 12ZD into the Social Security Contributions and Benefits Act 1992. This makes provision for a new entitlement to Statutory Parental Bereavement Pay. As a result it is necessary to make consequential amendments to secondary legislation to bring the entitlement to Statutory Parental Bereavement Pay into effect.

6.2 Paragraph 33 of the 2018 Act provides that sections 132 and 133 of the Finance Act 1999 have effect as if Statutory Parental Bereavement Pay were a matter which is under the care and management of the Commissioners for Revenue and Customs. Sub-paragraph (2) provides that Statutory Parental Bereavement Pay "includes

statutory pay under Northern Ireland legislation corresponding to the provisions of Part 12ZD of the Social Security Contributions and Benefits Act 1992." This will bring entitlement to Statutory Parental Bereavement Pay in Northern Ireland in line with Great Britain.

6.3 This instrument inserts reference to Statutory Parental Bereavement Pay alongside the existing statutory payments into regulation 1(2) of the Statutory Payment Schemes (Electronic Communications) Regulations 2002 (S.I. 2002/3047), regulation 70(3) of the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682) and regulations 8(3) and 56(2)(e) of the Income Tax (Construction Industry Scheme) Regulations 2005 (S.I. 2005/2045).

6.4 In addition, it inserts a new paragraph into regulation 56(7) of the Income Tax (Construction Industry Scheme) Regulations 2005. This paragraph sets out the provisions for recovering Statutory Parental Bereavement Pay.

7. Policy background

What is being done and why?

7.1 There is currently no specific statutory entitlement for employed parents to take time off work (paid or otherwise) following the death of their child. Some employers allow parents to take compassionate leave. This is at the discretion of the employer and there is no minimum standard across the board.

7.2 The 2018 Act creates a statutory requirement for all employers to grant a minimum of 2 weeks of parental bereavement leave to employees who have lost a child under the age of 18 or experienced a stillbirth from 24 weeks' pregnancy. The 2018 Act also creates a new statutory payment called Statutory Parental Bereavement Pay, which eligible employees will be entitled to claim in respect of the 2 weeks' leave. Statutory Parental Bereavement Pay will be paid at the same standard weekly rate as all other statutory parental payments currently available, or 90% of their average weekly earnings (whichever is lower), in respect of the 2 weeks of leave. Eligibility for the payment is subject to a requirement that the employee has worked for their employer continuously for at least 26 weeks and has sufficient average weekly earnings. This mirrors the eligibility criteria for other similar statutory payments.

7.3 The introduction of a specific statutory entitlement to parental bereavement leave and pay will set a minimum standard for employees and employers so that all parents will be entitled to take time away from work in the event that they lose a child or baby. The policy intention is to provide certainty for employed parents and employers in relation to a bereaved parent's right to time off from work following the death of their child.

7.4 The 2018 Act is due to come into force on 6 April 2020. This legislation has been introduced by the Department for Business, Energy & Industrial Strategy (BEIS) but a number of consequential amendments to other government departments' legislation are also required to reflect these new rights.

7.5 This instrument makes changes to the Income Tax (Pay As You Earn) Regulations 2003, Income Tax (Construction Industry Scheme) Regulations 2005 and the Statutory Payment Schemes (Electronic Communications) Regulations 2002. These regulations will now include reference to Statutory Parental Bereavement Pay

alongside existing statutory payments, such as Statutory Adoption Pay. Employers will be required to account for these payments alongside existing statutory payments.

7.6 This instrument is also related to the Social Security (Contributions) (Amendment) Regulations 2020 (S.I. 2020/239) and the Social Security Contributions (Decision and Appeals) (Amendments) Regulations (S.I 2020/238) which make similar amendments to introduce references to Statutory Parental Bereavement Pay.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

8.1 This instrument does not relate to withdrawal from the European Union.

9. Consolidation

9.1 As this instrument does not change the substance of the regulations concerned, there are no plans for consolidation.

10. Consultation outcome

10.1 As the consequential changes introduced by this instrument result from the introduction of Statutory Parental Bereavement Pay no consultation has taken place specifically in relation to this instrument.

10.2 In March 2018 BEIS issued a consultation document "Consultation on Parental Bereavement and Pay". The document sought views on how to shape policy on parental bereavement leave and pay. It focused on the definition of a bereaved parent, how and when to take leave and the notice and evidence requirements.

10.3 In November 2018 BEIS issued its formal response to the consultation. It outlined that the government will bring forward Regulations to give effect to the decisions taken as a result of the consultation. The consultation document and government response is available to view at https://www.gov.uk/government/consultations/parental-bereavement-leave-and-pay.

11. Guidance

11.1 The relevant guidance will be updated to reflect the changes to legislation made by this instrument. It will be available to view on GOV.UK by 6 April 2020.

12. Impact

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

12.2 There is no, or no significant impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because this instrument makes changes as a consequence of legislation to introduce statutory parental bereavement leave and pay, which was introduced by BEIS. An impact assessment was published by BEIS on 14 May 2018 in respect of these changes. This can be viewed here: https://publications.parliament.uk/pa/bills/lbill/2017-2019/0105/18105-impact-assessment.pdf

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise the impact of the requirements on small businesses (employing up to 50 people).

13.3 The basis for the final decision on what action to take to assist small businesses is that as is the case for all statutory payments. Small businesses (defined for these purposes as those who pay less than £45,000 in Class 1 National Insurance Contributions) will be able to claim back 103% of the payment made to the employee by reducing their National Insurance bill accordingly.

14. Monitoring & review

14.1 The approach to monitoring of this legislation is that BEIS has already committed to a non-statutory post-implementation review in 2025. Further details of the review's basis, objective, approach and rationale can be found on page 28 of the impact assessment referred to at 12.3.

14.2 The regulations do not include a statutory review clause. BEIS will undertake a non-statutory review of the policy in 2025 using data from HM Revenue and Customs to monitor take-up, as well as qualitative interviews to assess the effectiveness of the legislation and guidance.

15. Contact

15.1 Craig Maffey at HMRC Telephone: 03000 517956 or email: craig.r.maffey@hmrc.gov.uk can be contacted with any queries regarding the instrument.

15.2 Helen Page, Deputy Director for Tax Administration Policy and Strategy, at HMRC can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Rt Hon Lucy Frazer QC MP, Financial Secretary to the Treasury can confirm that this Explanatory Memorandum meets the required standard.