

EXPLANATORY MEMORANDUM TO
THE CHRISTMAS BONUS (SPECIFIED SUM) ORDER 2008

2008 No. 3255

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
 - 2.1 This order is the second part of a pair of statutory instruments to provide for a one-off increase in the amount of the Christmas Bonus to be paid for 2008.
 - 2.2 This statutory instrument provides for the amount paid through the Christmas Bonus for 2008 to increase from the regular £10 rate by an additional £60, to £70 in total.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Context**
 - 4.1 This statutory instrument is made under powers conferred by Section 148 of the Social Security Contributions and Benefits Act 1992.
 - 4.2 Subsection 148(1) provides for a Christmas Bonus to be paid to someone who is ordinarily resident in the United Kingdom or a member state during the relevant week and entitled to a qualifying benefit in respect of at least one day during the relevant week. Subsection 148(3) provides for the Secretary of State to pay £10 or a larger sum specified by order.
 - 4.3 This instrument is being made in order to allow for an increase in the amount of the Christmas Bonus to be paid for 2008, from £10 to £70, as announced by the Chancellor in his Pre-Budget Report statement on 24 November 2008.
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 (Specified Sum) 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 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 to customers 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.

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 £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

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