

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY (CREDITS) (AMENDMENT) REGULATIONS 2012
2012 No. 766

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

2. **Purpose of the instrument**

This instrument will help a person satisfy the contribution condition in relation to contributory benefits in circumstances where they are receiving additional statutory paternity pay.

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

None.

4. **Legislative Context**

Social security regulations provide for the award of National Insurance credits to an individual’s National Insurance record where certain criteria are satisfied. The National Insurance record is used to determine if the individual is entitled to social security contributory benefits. The amendment is needed so that an additional group of people may have National Insurance credits awarded to their record.

5. **Territorial Extent and Application**

5.1 This instrument applies to Great Britain.

5.2 Equivalent provision will be made for Northern Ireland by statutory rules.

6. **European Convention on Human Rights**

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 A National Insurance credit is currently available on application for mothers receiving Maternity Allowance or Statutory Maternity Pay and adopters’ receiving Statutory Adoption Pay, whose earnings in-year do not meet the yearly Lower Earnings

Limit. The amendment will make a National Insurance credit available on application for people (including those who are adopting) who receive Additional Statutory Paternity Pay and, as a result, do not earn enough in-year to meet the yearly Lower Earnings Limit (£5304 for 2011/12) for making National Insurance contributions.

7.2 Failure to meet the yearly Lower Earnings Limit may prevent a person getting a qualifying year for the purposes of calculating entitlement to basic state pension or contributory-based benefits, such as Jobseeker's Allowance. This amendment will help people satisfy the contribution condition in relation to contributory benefits in circumstances where they are receiving additional statutory paternity pay. It is expected to help around 100 people each year. This will in turn help to secure their future entitlement to contributory benefits – including their state pension.

- ***Consolidation***

7.3 Informal consolidation will be provided by way of “The Law Relating to Social Security” (Blue Volumes), available on line free of charge to the public at <http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/>

8. Consultation outcome

The proposed changes represent no major change in policy. Given the small number of people estimated to be affected by the amendment an informal consultation was held to raise awareness of the specific proposals in these regulations with members of the DWP policy and strategy forum. No responses were received.

9. Guidance

The proposal forms an extension to the current arrangements for National Insurance credits and will require changes to existing DWP and HM Revenue and Customs guidance and products. Both paper and web-based information sources will be considered. In addition the Department for Business Innovation and Skills and HM Revenue and Customs have confirmed that work has been undertaken to ensure the necessary processes are in place, by April 2012, to administer claims for the award of National Insurance credits by people who are in receipt of Additional Statutory Paternity Pay.

10. Impact

10.1 The impact on business, civil society organisations is nil.

10.2 The impact on the public sector is negligible.

10.3 A full impact assessment has not been published for this instrument.

11. Regulating small business

The legislation does not apply to small business.

12. Monitoring & review

The effect of this change, which will form part of the existing social security credits arrangements, will be monitored through analysis of administrative data, surveys and other sources.

13. Contact

Teresa Cox at the Department for Work and Pensions Tel: 020 7449 7146 or email: Teresa.Cox@dwp.gsi.gov.uk can answer any queries regarding the instrument.