

# WELFARE REFORM AND PENSIONS ACT 1999

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## EXPLANATORY NOTES

### OVERVIEW

#### *Background to the Act*

In March 1998, the Government published its Green Paper on welfare reform, *New ambitions for our country: A NEW CONTRACT FOR WELFARE* (Cm 3805). This set out the framework to the Government's programme of welfare reform, based on the Government's central principle of work for those who can, and security for those who cannot.

Following publication of the Green Paper, the Government published consultation documents on fraud and a new approach to Child Support in July 1998. Further proposals were announced in Autumn 1998 for the reform of disability and bereavement benefits and the introduction of a Single Work-Focused Gateway (re-named "ONE") to the benefits system.

The Pensions Green Paper, published in December 1998, proposed a new structure for pensions, including a new State Second Pension to reduce the extent to which low earners have to rely on means-tested benefits, and encouragement for higher earners to save and provide for themselves. Consultation on the proposals in the Pensions Green Paper ended on 31 March 1999.

#### *The measures in the Act*

Following consultation on the welfare reform Green Paper and the proposed reform of disability and bereavement benefits, the Government took forward those measures which required primary legislation in the Welfare Reform and Pensions Bill. The Bill also contained a number of changes to National Insurance contributions (NICs), which were announced in the March 1999 Budget.

The main elements of the Act are:

**Part I:** The framework for the new "stakeholder pension schemes"

**Part II:** Changes to the regulatory framework for occupational and personal pensions

**Parts III and IV:** Provisions for pension rights to be split as part of a divorce settlement, in the same way as other financial assets

**Part V (section 53):** Reforms to Maternity Allowance, to offer it to lower paid women

**Part V (sections 54-56):** A new scheme of bereavement benefits, available to both men and women, to replace the current widows' benefits

**Part V (sections 57-60):** Provisions to implement the ONE service, joint claims for Jobseeker's Allowance and Employment Zones

**Part V (sections 61-65):** Reforms to Incapacity Benefit and Severe Disablement Allowance

*These notes refer to the Welfare Reform and Pensions Act 1999  
(c.30) which received Royal Assent on 11 November 1999*

**Part V (sections 66-67):** Reforms to Attendance Allowance and Disability Living Allowance

**Part V (sections 73-78) and Part VI (section 81):** Changes to National Insurance contributions and their administration

**Part V (sections 52, 68-72 and 79-80) and Part VI (sections 82-91):** Miscellaneous and supplementary provisions

## ***Stakeholder Pension Schemes***

### ***Background***

The UK pension system is a partnership between the State (providing the basic state pension, the State Earnings Related Pension Scheme – SERPS – and income-related benefits for pensioners); employers (providing occupational pension schemes) and private pension providers (providing personal pensions).

Today's pension system is composed of three tiers:

the first tier is the basic state pension;

the second tier is a mix of state and mainly private provision which are additional to the basic state pension (this tier includes SERPS, occupational and personal pensions); and

the third tier comprises other voluntary private provision.

People are already compelled to save towards a pension. All employees and self-employed people, except the very lowest paid, must pay National Insurance contributions. These give entitlement to basic state pension. In addition, employees have to pay towards a second-tier pension – SERPS – unless they opt out and make their own provision (contracting out). If people are contracted out of SERPS into a private scheme their National Insurance contributions are reduced or rebated to reflect the value of SERPS foregone.

The minimum that must be paid to a second pension is an average of about 4.6% of earnings – 1.6% from employees and employers pay 3% on top. While employees are required to contribute to a second pension, self-employed people are not. The only second pension choice for them is a personal pension, but many self-employed people make some provision for their retirement through other savings vehicles and investments.

Of 35 million people of working age in Great Britain, some 10.5 million are in occupational schemes, around 10 million personal pensions are held and over 7 million belong to SERPS.

Second pension schemes are not available to everyone. Occupational pension schemes are not an option for the 35% of employees whose employers do not offer a scheme, nor for the self-employed. Personal pensions can be less accessible for some people, particularly the lower paid and those who change jobs frequently.

The Government's detailed proposals for pensions reform were set out in the consultation paper *A new contract for welfare: PARTNERSHIP IN PENSIONS* (Cm 4179), published in December 1998.

The consultation paper proposed a new insurance contract for pensions with three main elements:

a guaranteed minimum income in retirement for all, increased year by year as resources allow (this does not require primary legislation). Over the longer term the aim is that this should rise in line with earnings;

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reforming SERPS through the introduction of the State Second Pension. This will boost the pensions of low earners, carers and certain disabled people (it is proposed that this will be introduced by legislation in the 1999/2000 session of Parliament);

new, accessible, stakeholder pension schemes. The consultation paper proposed that:

stakeholder pension schemes should be open to everyone but will be targeted at those earning £9,000 – £20,000 and not in an occupational scheme;

there would be a simpler tax regime, allowing up to £3,600 to be paid into schemes each year;

employers who do not already offer an occupational scheme should identify a stakeholder pension scheme and facilitate access to it for their employees; and

stakeholder pension schemes should be set up with an approved governance structure, meet minimum standards and be required to register.

The Government has now legislated to provide the necessary legislative framework for stakeholder pension schemes.

### ***The measures in the Act***

The measures in this Act that relate to stakeholder pension schemes are contained in Part I, sections 1 to 8.

The provisions in the Act create a statutory framework for stakeholder pension schemes. There has been further consultation on the detailed aspects of the framework. It is likely that the framework will require adaptation as the schemes evolve. In order to provide this flexibility, many matters of detail will be set out later in secondary legislation.

### ***Pension Sharing on Divorce***

#### ***Background***

Since the 1970s, courts have had to take account of the value of pension rights in divorce and nullity of marriage settlements so that these can be offset against other assets in financial settlements. In addition, attachment and earmarking provisions in the Pensions Act 1995 allow courts:

in England and Wales and Northern Ireland, to require occupational and personal pension schemes to pay maintenance from a member's pension directly to their former spouse;

throughout the United Kingdom to order part or all of a lump sum payable on the death or retirement of a member to be directed to their former spouse.

Both attachment and earmarking have limitations and as yet have been little used. They do not allow a clean break in most cases, title to the pension rights remains with the spouse in whose name the rights have accrued, and they leave the person receiving the payment at risk of losing the intended retirement income if their ex-spouse dies.

The Government consulted on proposals on pension sharing in *Pension sharing on divorce: REFORMING PENSIONS FOR A FAIRER FUTURE* in June 1998. The consultation paper included draft primary legislation.

The consultation proposed that:

courts and couples should be able to deal with pension rights in the way that provides for the fairest overall financial settlement;

all couples should have the opportunity to settle their pension rights by means of a pension share – pension sharing should be available within financial settlements on divorce and nullity of marriage settled both by court order or (in the case of divorce) agreement;

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pension sharing should be open to couples where rights exist under an occupational or personal pension scheme or under the State Earnings Related Pension Scheme (SERPS);

pension sharing should not be compulsory. It should still be possible to offset pension rights against other assets or to use the current attachment and earmarking arrangements;

arrangements for pension sharing should respect and comply with the fundamental principles which underpin each family law system (in England and Wales, in Scotland and in Northern Ireland);

pension sharing should apply only to proceedings which begin after the implementation of the policy. It should not apply retrospectively.

Following consultation, the Government has now legislated to make the proposed changes.

### ***The measures in the Act***

The main measures in the Act that relate to pension sharing on divorce and nullity are contained in Parts III and IV, sections 19 - 51.

The provisions in the Act largely put in place the proposals on pension sharing set out in the consultation paper. They introduce the option of pension sharing on divorce or nullity of marriage and will:

allow pension rights to be treated like other assets and the whole, or a proportion, of their value to be transferred from one spouse to the other as part of the financial settlement; but

will not be compulsory – it will still be possible to offset pension rights against other assets or to use the current earmarking and attachment arrangements.

In addition, in the light of comments made during the consultation exercise, the provisions in the Act put beyond doubt the fact that pension sharing will be available only to those who begin proceedings for divorce or nullity after the legislation has been brought into force. The Act also includes changes designed to improve the current legislation on attachment and earmarking.

### ***Bereavement Benefits***

#### ***Background***

The present widows' benefits scheme was introduced in 1946. Three main benefits are available to women who are widowed. These are based upon the National Insurance contributions record of the late husband, rather than the widow herself. The three benefits are:

Widow's Payment – a tax-free lump sum payment of £1,000

Widowed Mother's Allowance – This is paid to widows with children, and ends when the youngest child ceases to be a dependant. It consists of a basic allowance for the widow herself, plus an allowance for each child and any SERPS (State Earnings Related Pension) her late husband was entitled to. It is taxable.

Widow's Pension – This is paid to widows over 45 who do not have dependent children. It is taxable and consists of a basic pension plus any SERPS. The amount payable depends on the woman's age when she was widowed or stopped receiving Widowed Mother's Allowance.

Under the present arrangements, married men are not entitled to bereavement benefits. This affects some 15,000 newly bereaved widowers and around 35,000 children of widowed fathers each year. (The UK has been under challenge in the European Court of Human Rights over the present scheme.)

### ***The Government's reforms***

The Government set out its proposals for reforming bereavement benefits in the consultation document *A new contract for welfare: SUPPORT IN BEREAVEMENT* (Cm 4104). This was published in November 1998.

The consultation paper proposed that:

All those currently receiving widows' benefits would continue to receive them;

Both widows and widowers would be entitled to a tax-free lump sum "Bereavement Payment" of £2,000;

Widowed parents with dependent children would receive a weekly, taxable, but non means-tested benefit – the "Widowed Parent's Allowance" – equivalent to and subject to the same entitlement conditions as the current Widowed Mother's Allowance;

Widows and widowers aged 45 and over with no dependent children would receive a weekly, taxable, non means-tested benefit for six months only – the "Bereavement Allowance" – age-related as for the current Widow's Pension, but with no SERPS component. While the Bill was before Parliament, this six month period was extended to one year;

Widows and widowers with children would be guaranteed up to an extra £10 a week through a new disregard of their Widowed Parent's Allowance when calculating entitlement to income-related benefits;

Men and women over 55 at the start of the new arrangements and widowed within the subsequent 5 years would have access to income-related benefits without any job seeking requirements. They would also receive a special premium (worth £14.35 a week at April 1998 rates) to help them maintain their income when their transitional bereavement benefit ended after 6 months.

Following consultation, the Government legislated to make the proposed changes.

### ***The measures in the Act***

The measures in the Act that relate to Bereavement Benefits are contained in Part V, sections 54-56, and Part I of Schedule 8. They provide for the new Bereavement Payment, Widowed Parent's Allowance and Bereavement Allowance.

The remaining changes – the disregard of Widowed Parent's Allowance (£10 for Income Support and £15 for other income-related benefits) and the additional support for widows and widowers over 55 – do not require primary legislation.

### ***Welfare to Work***

#### ***Background***

Unemployment has been on a downward trend since the early 1990s. However, some groups – such as those with no or low qualifications, some ethnic minorities and people with a long-term illness or disability – remain vulnerable to longer term unemployment. Unemployment also remains consistently high in some geographical areas.

Within the present system, there is limited flexibility to develop customised solutions in areas of particular need. Only people claiming Jobseeker's Allowance (JSA) are automatically offered advice on finding work or improving their employability. The New Deals for Young People, the Long-Term Unemployed, Lone Parents and Disabled People provide tailored help through access to a personal adviser. However, they are aimed at specific client groups.

Currently, people have to deal with a number of different institutions when claiming benefits – including the Employment Service, Benefits Agency, local authorities and the Child Support Agency.

The Government is introducing three new Welfare to Work initiatives. These are:

**ONE**, the Government set out its plans for the ONE service in *A new contract for welfare: THE GATEWAY TO WORK* (Cm 4102, October 1998). ONE will bring together the Employment Service, Benefits Agency and other welfare providers at a single point of contact. New claimants of working age will have access to a personal adviser, who will work with them to assess their potential for employment and help them plan a route to independence.

The **New Deal for Partners of Unemployed People**, launched in April 1999 following pathfinders in Cardiff, Leeds and Tayside. £60 million from the windfall tax has been set aside to provide partners of unemployed people with expert, personalised help to find work. In addition, partners aged 18 – 24 who do not have children will be able to go onto the New Deal for Young People;

**Employment Zones**, which will target intensive and innovative help on areas of particular need. In Employment Zones, personal job accounts will bring together money currently attributable to benefit, training and other programmes and enable these to be used more flexibly, to help clients back to work. The Employment Zones Consultation Paper, published on 2 February 1999, set out detailed plans for implementing Employment Zones. The consultation period ended on 30 April 1999.

The ONE service is being piloted in twelve different areas. The first four pilots began in June 1999. Interviews will initially operate on a voluntary basis for non-JSA claimants, until the provisions of the Act come into force.

### ***The measures in the Act***

The Welfare to Work measures in the Act are contained in Part V, sections 57 – 60, and Schedule 7:

Sections 57 and 58 contain the provisions for the ONE service. This will require individuals claiming certain benefits to take part in work-focused interviews as a condition of receipt. It will not place any requirement on them beyond taking part in interviews. (For example, they will not be required to attend training courses or seek work other than where the claimant is on JSA, where such requirements are already in operation.)

The powers in the Act will enable the Government to require people to take part in a work-focused interview with a personal adviser at the point of claim, and further interviews while they are on benefit at specified times. These further interviews would be triggered by a change in their circumstances that might have a bearing on their employability (for example, their children reaching a certain age or the claimant taking up or leaving part time work). Section 58 ensures that local authorities can carry out such interviews with claimants who take part on a voluntary basis. This is over and above the requirements in section 57.

Section 59 and Schedule 7 contain provisions that will require childless couples to make joint claims for Jobseeker's Allowance (JSA). It is intended that regulations will prescribe that joint claims will apply to those born after a certain date, with the effect that joint claims will initially apply to young childless couples but gradually extend to cover older childless couples.

The intention of joint claims is to ensure that both partners in childless couples are directly involved in the labour market, to prevent them from becoming dependent on benefit from an early age. Under the new scheme both members of the couple will be claimants with equal rights and responsibilities, rather than the partner being

a dependant on the claimant. Those between the ages of 18 and 24 who remain unemployed for six months will go onto the New Deal for Young People. Couples with children will continue to be offered help on a voluntary basis, through the New Deal for Partners of Unemployed People.

Section 60 contains the provisions for implementing Employment Zones. Prototype Employment Zones have been operating under earlier legislation. The new powers in the Act enable schemes to be set up in designated areas where special benefit rules can apply. In order to help participants back to work, the schemes allow them to anticipate funding for up to 6 months' worth of spending on training and jobsearch, combined with money equivalent to the payments they would normally receive from JSA. The powers in the Act also enable the Secretary of State to provide a wider range of support for activities within the Zones which help people to get and keep work, including support for unemployed people who are seeking to become self-employed.

## ***Long Term Illness and Disability***

### ***Background***

People with a long term illness or disability can currently claim a number of different benefits to help meet their needs. Depending on their circumstances, people can qualify for more than one of these benefits at same time. The main ones are: Incapacity Benefit (contributory); and Severe Disablement Allowance, Disability Working Allowance, Disability Living Allowance and Attendance Allowance (all non-contributory). Several other benefits provide special premiums for disabled adults and children.

The New Deal for Disabled People is developing and testing new ways to help people with a long-term illness or disability to enter and retain work. The national minimum wage and the new Disabled Person's Tax Credit are also intended to help make work pay.

The Government published its plans for reforming benefits for people with a long term illness or disability in *A new contract for welfare: SUPPORT FOR DISABLED PEOPLE* (Cm 4103, October 1998). In the consultation paper, the Government set out its view that, although the benefits which are currently available are intended to provide security for all those with a long term illness or disability, in some respects the level of support does not fully match up to their needs. The Government also indicated its view that changes were needed to Incapacity Benefit – both to restore the original purpose of the benefit in providing a replacement income for people recently in work; and to take account of changing social conditions.

The consultation paper proposed the following main changes:

reform of Severe Disablement Allowance, to enable young people who are disabled and cannot work and who claim benefit before 20 to receive Incapacity Benefit. After a year on benefit, their entitlement would be £80.80 a week compared with £54.40 at present – thereby reducing the need to rely on Income Support to top up their income;

a new Disability Income Guarantee, which will give single, severely disabled recipients under 60 nearly £6 a week extra, and couples over £8 a week extra;

extending the higher rate mobility component of Disability Living Allowance – currently worth £37.00 a week – to 3 and 4 year old severely disabled children;

reform of the All Work Test so that, as well as determining entitlement to benefit, it also provides information about people's capabilities which can be used to help them plan a return to work; and changing the name of the test to reflect this new approach;

requiring those claiming incapacity benefits to take part in a ONE personal adviser interview, to ensure that they receive help to plan a route back to work, and get the benefits to which they are entitled;

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expanding specialist disability services to help disabled people enter work, and examining new ways to improve their retention in work through New Deal for Disabled People;

strengthening the link between work and entitlement in Incapacity Benefit, so that it is only paid to those who have recently been in work and paid National Insurance contributions;

taking account of income from occupational and personal pensions in Incapacity Benefit.

***The measures in the Act***

Following consultation, the Government legislated to make the proposed changes. The measures in the Act that relate to incapacity and disability benefits are contained in Part V, sections 61-68, and Parts II and III of Schedule 8. The provisions implement all of the proposed changes in the consultation paper, apart from the Disability Income Guarantee and the expansion of specialist disability services, which do not require new primary legislation.

While the Bill was going through Parliament, the Government introduced an amendment to allow young disabled people to claim Incapacity Benefit up to the age of 25 in prescribed circumstances, without having to satisfy the contribution conditions. (The normal age limit proposed by the Government is age 20.) This extension is intended to benefit young disabled people in education or vocational training. The Government also announced that people receiving the higher-rate care component of Disability Living Allowance would not have their pension income taken into account in Incapacity Benefit.

The way in which Incapacity Benefit will be reduced to take account of pension income is now set out on the face of the Act. The Act ensures that the benefit will be reduced by 50p for every additional £1 of pension income that people receive above the first £85.

Section 68 was added in order to provide that certain overpayments of incapacity and disability benefits which arise before 1 June 1999 cannot be recovered from the recipient. This is intended to protect disabled people who could not reasonably be expected to know that their benefit entitlement was incorrect, for example due to a gradual improvement in their condition, or that they should have reported this change to the Benefits Agency.

The measures in the Act do not require any disabled people to look for work, if they do not want to. No existing claimants lose any benefit entitlement at the point of change.

***National Insurance contributions (NICs)***

***Background***

In his 1998 Budget, the Chancellor of the Exchequer announced a package of reforms to the structure of NICs. Most of these changes were introduced in the Social Security Act 1998, and came into effect in April 1999. As a result:

The point at which *employers* start to pay NICs (the employer earnings threshold) is set at the same level as the single person's tax allowance (currently £83 a week) rather than the Lower Earnings Limit (currently £66 a week);

*Employees* no longer have to pay any contributions on earnings up to and including the Lower Earnings Limit, and *employers* do not pay any contributions on earnings below the employer earnings threshold;

The four employer rates of contributions have been replaced by a single rate of 12.2%, and Class 1B contributions have been introduced. Class 1B contributions are paid by employers who enter into a PAYE Settlement Agreement with Inland Revenue for tax.

The Chancellor also announced in 1998 that he would raise the point at which employees start to pay NICs to the level of the single person's tax allowance as soon as measures



were in place to protect people against the benefit losses that would otherwise result. These changes were confirmed in the 1999 Budget. In his 1999 Budget statement, the Chancellor also announced that the Upper Earnings Limit (UEL) for employee contributions would be raised to £535 a week in 2000, and £575 in 2001; and that changes would be made to counter National Insurance avoidance where services are provided through an intermediary.

### ***The measures in the Act***

These Budget changes, including protection for benefit rights on earnings between the Lower Earnings Limit and the new threshold, were introduced as amendments to the Bill at Commons Committee and Report. The Act also contains various other minor NICs measures.

The NICs measures in the Act are contained in sections 73-78 and 81; and Schedules 9-11). Section 73 introduces Schedule 9, which:

Introduces a new primary earnings threshold from which employees will start to pay NICs. In two stages, the threshold will be raised to the single person's tax allowance. It is being set at £76 a week in April 2000, with full alignment in April 2001;

Protects benefit rights for earnings between the Lower Earnings Limit and the new threshold. This will ensure that people with earnings below the new threshold are not prevented from building up their entitlement to contributory benefits; and

Provides for the Upper Earnings Limit (UEL) for employee contributions to be set as a multiple of the new threshold. This will enable it to be raised to £535 a week in 2000 and £575 in 2001, in line with the Chancellor's Budget statement.

Section 74 introduces Schedule 10, which makes corresponding provision for Northern Ireland.

Sections 75 and 76 contain new measures to counter National Insurance avoidance, where services are provided through an intermediary. Most employers engage staff direct under a contract of service, paying Class 1 NICs, and income tax through Pay As You Earn (PAYE). They may also hire staff under a contract for services where the person being hired is self-employed. Sections 75 and 76 concern the situation where an individual is hired through a third party (such as a service company) in order to escape any direct contractual relationship between the client and the worker. This provides scope for avoiding tax and National Insurance, and can also lead to a loss of the worker's legal employment rights. Section 75 gives the power to ensure that, if the normal tests of employment and self-employment show that the worker would otherwise be an employee of the client, any payments made by the client in respect of that worker may be treated as earnings for National Insurance purposes. Section 76 makes corresponding provision for Northern Ireland. Matching tax proposals will be made in the Finance Bill introduced in 2000.

The Act also contains three further minor NICs measures. These:

alter the way in which the Class 1B rate of NICs payable on items employers include in PAYE settlement agreements (PSAs) is set (sections 77 & 78). The previous legislation allowed the Government to vary the rate in regulations independently of the main employer's rate. Now the rate of Class 1B is tied directly to the rate of employer (Class 1) contributions;

remove references in existing legislation to the payment of NICs by means of adhesive stamps (Schedule 13, Parts VI & VII); and

make a number of minor amendments and corrections arising from the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (section 81, which introduces

Schedule 11). The amendments do not in any way affect the intention of this Act, which transferred NICs policy and the Contributions Agency to the Inland Revenue.

### ***Miscellaneous Measures***

The Act also contains various miscellaneous measures. These are:

A number of pensions measures (Sections 9 – 18, and Schedule 2). The Green Paper *A new contract for welfare: PARTNERSHIP IN PENSIONS* ( Cm 4179, December 1998) explained that the Government will continue to support occupational pension schemes and simplify regulation where possible. The Pensions Act 1995 sets out the framework for regulating occupational pension schemes and clarifies the responsibilities of scheme trustees, advisers and sponsoring employers. Monitoring of this Act in the light of the Government's commitment has identified a case for simplification in some areas and removal of a few anomalies. Four groups of measures are therefore contained in the Act:

provisions relating to the late payment of employers' contributions to pension schemes (including personal pension schemes);

provisions increasing the compensation payable by the Pension Compensation Scheme;

further protection for pensions on bankruptcy – but with provision for recovering excessive contributions made by people who become bankrupt;

minor measures, e.g. bringing the reporting periods of the Pension Compensation Board into line.

Preservation of “inherited” SERPS rights (section 52). Widows and widowers can currently “inherit” the full amount of their spouse's state earnings-related pension (SERPS). But under changes made in 1986, the amount will be halved for all new cases from 6 April 2000. This change was not fully publicised, and some people were incorrectly told that they or their widower could expect to inherit the full amount of SERPS. Section 52, which was added to the Bill at Lords Report stage, gives the power to make regulations to:

postpone the 50% reduction from 2000 to a later year; or

set up a scheme to determine who has been misled by incorrect or incomplete information about the 50% reduction, so as to ensure that the reduction is not applied to them or their spouses.

Until regulations implementing at least one of the options provided by section 52 are in force, widows and widowers will continue to “inherit” the full amount of their spouse's SERPS.

Extension of entitlement to state Maternity Allowance (section 53). In his 1999 Budget, the Chancellor of the Exchequer announced a reform of Maternity Allowance so that women earning below the lower earnings limit for National Insurance contributions, but earning at least £30 a week, would be entitled to the benefit for the first time. Section 53, which was added to the Bill at Commons Report stage, makes the necessary changes to the legislation.

Requirement for a National Insurance Number to claim Child Benefit (section 69). The Social Security Administration (Fraud) Act 1997 introduced a requirement for a National Insurance Number for all claims to all benefits. However, because of the definition of “benefit” used, this requirement does not apply to Child Benefit. Section 69 extends the requirement to Child Benefit.

Sharing of Functions relating to claims and information (section 71). This section gives local authorities and central Government further powers to collect and share information relating to benefit claims. At present, local authorities may only deal with claims for Housing Benefit and Council Tax Benefit. However, since they will be

involved in delivering the ONE pilots, they will need to be able to handle claims and information relating to a wider range of social security benefits. Section 71 aims to achieve this. It also ensures that there is no doubt about the ability of other partners in joint working arrangements with local authorities – for example, the Benefits Agency and the Employment Service – to deal with claims for Housing Benefit and Council Tax Benefit.

Disclosure and use of information (section 72). This section will facilitate cross-Government working in a number of social security and employment-related areas. It provides the powers to use and supply information which are needed to deliver the ONE pilots and Employment Zones. It will also ensure that information can be used to best effect in the New Deal for Lone Parents, New Deal for Disabled People, New Deal for Partners of Unemployed People and the new Personal Capability Assessment.

A housing under-occupation scheme (section 79) which will allow tenants living in the social rented sector (typically, property owned or managed by a local authority or a housing association), who are in receipt of Housing Benefit, to keep part of any benefit saving generated by moving to cheaper and smaller accommodation. It is intended to bring this into force initially on a pilot basis in selected areas.

Information sharing between the Inland Revenue and Child Support Agency (section 80). This measure will enable the Child Support Agency to undertake a full maintenance assessment of self-employed earnings in cases where a non-resident parent has refused to provide the necessary information. The proposed power will allow the Inland Revenue to disclose tax information in those cases where the Child Support Agency has been unable to obtain the information through any other route.

A power to incur preparatory expenditure in advance of future legislation (section 82). This enables the Secretary of State to seek specific Parliamentary approval to incur expenditure to prepare for future changes in the functions for which he is responsible (i.e. social security benefits, child support, war pensions), before Royal Assent is given for the Act that would give effect to the change. For example, a new benefit, or major changes to existing provisions, require a significant amount of preparatory work – such as developing and testing new computer systems, and preparing manuals for use by staff. Often such work has a significant lead-in time. This power will enable the Secretary of State to seek the approval of the House of Commons to commence such work, and so avoid the risk of a delay in implementation.

Extending benefit splitting to hardship payments in Jobseeker's Allowance (Schedule 8, paragraph 29(3) to (5)). These are technical changes to correct anomalies in the Jobseekers Act 1995. All or part of a person's standard income-based JSA can already be paid to a third party where it is in the family's interest to do so. This change extends that power to JSA hardship payments.