

WELFARE REFORM AND PENSIONS ACT 1999

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