STATUTORY INSTRUMENTS

2022 No. 333

PENSIONS

The Pensions Increase (Review) Order 2022

Made - - - -	*17th March 2022*
Laid before Parliament	*18th March 2022*
Coming into force - -	*11th April 2022*

The Secretary of State for Work and Pensions has, by virtue of section 151 of the Social Security Administration Act 1992(**1**), given a direction(**2**) that the sums mentioned in section 150(1)(c) of the Act are to be increased by a specified percentage.

The Treasury make the following Order in exercise of the powers conferred by section 59(1), (2), (5) and (5ZA) of the Social Security Pensions Act 1975(**3**) and now vested in them(**4**).

Citation and Commencement

1. This Order may be cited as the Pensions Increase (Review) Order 2022 and comes into force on 11th April 2022.

Interpretation

2.—(1) In this Order, "the Act" means the Social Security Pensions Act 1975.

(2) In this Order, any reference to a pension is a reference to a pension which began before 11th April 2022(**5**).

(**1**) 1992 c. 5; section 151(1) was amended by section 130(2) of the Pensions Act 1995 (c. 26).

(**2**) S.I. 2022/292.

(**3**) 1975 c. 60. Section 59(1) was amended by section 1(7) of the Pensions (Miscellaneous Provisions) Act 1990 (c. 7) and by the Social Security (Consequential Provisions) Act 1992 (c. 6), Schedule 2, paragraph 34. Section 59(5) was amended by section 11 of the Social Security Act 1979 (c.18) and the Social Security Act 1985 (c. 53), Schedule 5, paragraph 33. Section 59 was also amended by the Social Security Act 1979, section 11 and Schedule 3, paragraph 20; section 9(8) of the Social Security Act 1986 (c. 50) (which inserted subsection (5A)); section 5 of the Pensions (Miscellaneous Provisions) Act 1990 (which inserted subsection (5ZA)) and the Pensions Schemes Act 1993 (c. 48), section 190 and Schedule 8, paragraph 9(1). Section 59 was modified by section 59A, which was inserted by section 11(4) of the Social Security Act 1979, amended by the Social Security Act 1986, section 9(9), and further amended by the Pensions Schemes Act 1993, section 190 and Schedule 8, paragraph 9(2). Subsections 59(5ZA), (5ZB), (5ZC) and (7) were amended by S.I. 2014/560 and 2014/3229. Subsections 59(5ZB) and (7) were amended by S.I. 2014/3168. Subsections 59(5ZC) and (7) were amended by S.I. 2020/1143.

(**4**) By virtue of article 2(1)(c) and (d) of S.I. 1981/1670.

(**5**) By virtue of section 59(7) of the Social Security Pensions Act 1975, sections 59 and 59A of that Act have effect as if they were contained in Part 1 of the Pensions (Increase) Act 1971 (c. 56). Consequently, for the purposes of section 11 of the Interpretation Act 1978 (c.30) the following expressions used in this Order have the meaning which they bear in section 59 of the Social Security Pensions Act 1975 and the Pensions (Increase) Act 1971: beginning date, complete months, derivative pension, employment, guaranteed minimum pension, lump sum, official pension, pension authority, qualifying condition,

Pension increase: annual rate and lump sums

3.—(1) This article applies to an official pension if—

(a) a qualifying condition is satisfied; or

(b) the pension is—

(i) a derivative pension;

(ii) a substituted pension; or

(iii) a relevant injury pension.

(2) In relation to any period on or after 11th April 2022, the pension authority may increase the annual rate(**6**) of the pension—

(a) for a pension which began before 12th April 2021, by 3.1 per cent;

(b) for a pension which began on or after 12th April 2021, by 3.1 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months in the period between the beginning date of the pension and 11th April 2022.

(3) In relation to a lump sum which is payable on or after 12th April 2021 but before 11th April 2022, the pension authority may increase the lump sum by 3.1 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months in the period between the beginning date for the lump sum (or, if later, 12th April 2021) and the date on which it becomes payable.

Reductions in respect of guaranteed minimum pensions

4.—(1) Where—

(a) a person is entitled to an increase in a guaranteed minimum pension on 11th April 2022; and

(b) entitlement to that guaranteed minimum pension arises from an employment from which (either directly, or indirectly by virtue of the payment of a transfer credit) entitlement to the official pension also arises;

the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury otherwise direct in accordance with the provisions of section 59A of the Act(**7**).

(2) Where on the death of a deceased spouse or civil partner a person becomes entitled to a guaranteed minimum pension in relation to a surviving spouse's pension or a surviving civil partner's

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relevant injury pension, substituted pension and transfer credit. Section 8(2) of the Pensions (Increase) Act 1971 also makes provision about when a pension begins for the purposes of that Act. Section 8(2) was amended by section 1(5) of the Pensions (Miscellaneous Provisions) Act 1990 and by the Welfare Reform and Pensions Act 1999 (c. 30), section 39(1) and (4). Section 8 was also amended by the Public Service Pensions Act 2013 (c. 25), Schedule 8, paragraph 4 (which inserted section 8A).

(**6**) Section 59(5) of the Social Security Pensions Act 1975 provides that increases in the rate of a pension are to be calculated by reference to the basic rate of the pension as authorised to be increased by section 1 of the Pensions (Increase) Act 1971 or by an order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975.

(**7**) The power of direction is vested in the Treasury by S.I. 1981/1670.

pension, the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced in accordance with section 59(5ZA) of the Act.

Alan Mak
Rebecca Harris
17th March 2022 — Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Under section 59 of the Social Security Pensions Act 1975 (c. 60) where the Secretary of State for Work and Pensions, under the Social Security Administration Act 1992 Act (c. 5), directs the sums in section 150(1)(c) are to be increased by a specified percentage, the Treasury shall provide by order for the increase in the rates of public service pensions. The Pensions (Increase) Act 1971 (c. 56) defines certain terms, sets out when a pension "begins" and how the increase applies to lump sums.

The increase is the percentage by which the Secretary of State for Work and Pensions has, by direction under section 151(1) of the Social Security Administration Act 1992 (c. 5), increased the additional pension entitlements accruing to employees in respect of earnings after 5th April 1978.

For pensions which began before 12th April 2021 the increase is 3.10 per cent. For pensions which began on or after 12th April 2021 the increases (following the calculation set out in article 3) are as follows—

Pensions Beginning	*Pensions increase*
12th April 2021 to 26th April 2021	3.10%
27th April 2021 to 26th May 2021	2.84%
27th May 2021 to 26th June 2021	2.58%
27th June 2021 to 26th July 2021	2.33%
27th July 2021 to 26th August 2021	2.07%
27th August 2021 to 26th September 2021	1.81%
27th September 2021 to 26th October 2021	1.55%
27th October 2021 to 26th November 2021	1.29%
27th November 2021 to 26th December 2021	1.03%
27th December 2021 to 26th January 2022	0.78%
27th January 2022 to 26th February 2022	0.52%
27th February 2022 to 26th March 2022	0.26%

Article 3(3) of the Order provides for increases on certain deferred lump sums which become payable on or after 12th April 2021 and before 11th April 2022.

The Order also makes provision for the amount by reference to which any increase in the rate of an official pension is to be calculated to be reduced by the amount equal to the rate of the guaranteed minimum pension entitlement deriving from the employment which gives rise to the official pension.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.