

EXPLANATORY MEMORANDUM TO
THE SOCIAL SECURITY BENEFITS UP-RATING ORDER 2008
2008 No.

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. **Description**

2.1 The Social Security Benefits Up-rating Order 2008 (“the Order”) fulfils the statutory duty of the Secretary of State to review the rates of social security benefits and provides for the up-rating of those benefits.

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

3.1 None.

4. **Legislative Background**

4.1 The Order provides for the annual up-rating of social security benefits under sections 150 and 150A of the Social Security Administration Act 1992 (“the Act”).

4.2 The Secretary of State is required to review the levels of benefits annually with a further requirement to increase contributory¹, non-contributory² and extra-costs benefits³ at least in line with prices.

4.3 Section 150A(1) of the Act, which was inserted by section 5(1) of the Pensions Act 2007, requires the Secretary of State to review and up-rate the standard minimum guarantee element of State Pension Credit at least in line with the increase in earnings. This power will be used for the first time for the 2008 up-rating of State Pension Credit.

4.4 The Secretary of State may also, if he considers it appropriate, having regard to the economic situation and any other matters which he considers relevant, increase other benefits by a percentage as he thinks fit. These other benefits include the income related benefits⁴ (including contribution-based Jobseeker’s Allowance).

¹ Contributory benefits = State Pension (Cat. A and B) and Incapacity benefit.

² Non-contributory benefits = State Pension (Cat. C and D), Carer’s Allowance, Severe Disablement Allowance, Industrial Injuries Benefit.

³ Extra-costs benefits = Attendance Allowance and Disability Living Allowance.

⁴ Income related benefits = Income Support, Jobseeker’s Allowance, Housing Benefit and Council Tax Benefit.

- 4.5 In accordance with the Act a draft of this Order is laid before Parliament for approval by resolution of each House together with a copy of the report of the Government Actuary (Cm 7312) giving his opinion on the likely effect on the National Insurance Fund of the making of this Order.

5. Territorial Extent and Application

- 5.1 The Order applies to Great Britain. Equivalent provision will be made for Northern Ireland by statutory rules.

6. European Convention on Human Rights

The Minister of State for Pensions Reform, Mike O'Brien has made the following statement regarding Human Rights:

In my view the provisions of the Social Security Benefits Up-rating Order 2008 are compatible with the Convention rights.

7. Policy Background

- 7.1 The contributory, non-contributory and extra-costs benefits are increased by 3.9 per cent. in line with the increase in the Retail Prices Index from 1 October 2006 to 30 September 2007 so that they hold their value in relation to the general level of prices.
- 7.2 The standard minimum guarantee element of State Pension Credit is increased by 4.2 per cent, in line with the Budget 2007 announcement.
- 7.3 Income related benefits are increased by 2.3 per cent, which is the September 2007 increase in the Rossi index (Retail Prices Index less the elements representing housing costs). This index is used because housing costs are typically met by separate specific provision within these benefits.
- 7.4 Pensioner premiums are paid in the working age income related benefits when a member of the household is aged 60 or over. These will be up-rated so that the new rate is equal to the new rate of standard minimum guarantee in Pension Credit less the new personal allowance rate in the income related benefit. This amounts to an increase in the premium of 6.1 per cent. for a single person and 6.2 per cent. for a couple.
- 7.5 Disability and carer premiums (including the additional amount for a carer in Pension Credit) are increased by the Rossi index (2.3%) and the severe disability premium (and the additional amount for severe disability in Pension Credit) is increased in line with the Retail Prices Index (3.9%).
- 7.6 The Order provides for the increases to take effect, in most cases, in the week commencing 7 April 2008. However for some benefits⁵ the Order

⁵ Statutory sick pay, statutory maternity pay, statutory paternity pay, statutory adoption pay, housing benefit,

specifies that the rates can take effect from an earlier date in April. Increases take effect on various dates because of differences in the prescribed payday of the benefit and depending on whether the benefit is a weekly or daily benefit.

Consultation

- 7.7 Consultation is not necessary because this Order forms part of the regular annual up-rating requirements.

Consolidation

- 7.8 Informal consolidation of the instrument will be addressed by up-dating the relevant values in the appropriate statutory instruments in due course in the Department's "the law relating to Social Security" (the Blue Volumes). This publication is available at no cost to the public on the internet at: <http://www.dwp.gov.uk/advisers/docs/lawvols/bluevol/>.

Guidance

- 7.9 Leaflets will be up-dated to reflect the new rates in due course and guidance bulletins have been issued to operational staff to advise them of the new rates.

8. Impact

- 8.1 A full impact assessment has not been published for this instrument as it has no new impact on the costs of business, charities and the voluntary sector.

- 8.2 The Order imposes no new administrative costs on the public sector.

9 Contact

Carol Krahe at the Department for Work and Pensions (Tel: 0113 232 4646. email:Carol.Krahe@dwp.gsi.gov.uk.) can answer queries regarding this statutory instrument.