

**2005 No. 216**

**SOCIAL SECURITY**

**The Social Security Revaluation of Earnings Factors Order 2005**

<i>Made</i> - - - -	<i>4th February 2005</i>
<i>Laid before Parliament</i>	<i>10th February 2005</i>
<i>Coming into force</i> - -	<i>6th April 2005</i>

The Secretary of State for Work and Pensions, in exercise of the powers conferred upon him by sections 148(3) and (4) and 189(1), (4) and (5) of the Social Security Administration Act 1992(a) and of all other powers enabling him in that behalf, having on a review under the said section 148(b) concluded, having had regard to earlier orders under that section(c), that earnings factors(d) for the relevant previous tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings obtaining in Great Britain, hereby makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2005 and shall come into force on 6th April 2005.

**Revaluation of earnings factors**

2. The earnings factors for tax years specified in the Schedule to this Order, in so far as they are relevant(e)—

(a) to the calculation—

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- (a) 1992 c.5. Section 189(1), (4) and (5) was amended by Schedule 8 to the Social Security Act 1998 (c.14). Section 189(1) was amended by paragraph 57(2) of Schedule 3 to the Social Security Contributions (Transfer of Functions. etc.) Act 1999 (c.2).
- (b) See section 148(2) as amended by section 37 of the Child Support, Pensions and Social Security Act 2000 (c.19).
- (c) Section 148(3) and (4) of the Social Security Administration Act 1992 consolidated section 21(3) of the Social Security Pensions Act 1975 (c.60). The earlier orders are: S.I. 1979/832, 1980/728, 1981/598, 1982/607, 1983/655, 1984/581, 1985/688, 1986/809, 1987/861, 1988/867, 1989/805, 1990/1412, 1991/1108, 1992/1102, 1993/1159, 1994/1105, 1995/1070, 1996/1133, 1997/1117, 1998/1137, 1999/1235, 2000/1365, 2001/631, 2002/519, 2003/517 and 2004/262. See also section 148(7)(b) of the Social Security Administration Act 1992 which provides that orders under section 21 of the Social Security Pensions Act 1975 are to be treated as orders under section 148.
- (d) See sections 22 and 23 of the Social Security Contributions and Benefits Act 1992 (c.4). Section 22 was amended by paragraph 22 of Schedule 2 to the Jobseekers Act 1995 (c.18), paragraph 61 of Schedule 7 to the Social Security Act 1998, section 30(1) of the Child Support, Pensions and Social Security Act 2000 and paragraph 7 of Schedule 1 to the National Insurance Contributions Act 2002 (c.19) subject to section 8(2) of that Act. Section 23 was amended by paragraph 36 of Schedule 8 to the Pension Schemes Act 1993 (c.48), section 134(1) of the Pensions Act 1995 (c.26) and paragraph 8 of Schedule 1 to the National Insurance Contributions Act 2002 subject to section 8(2) of that Act. See also sections 45B(6), 55A(5) and 55B(6) of the Social Security Contributions and Benefits Act 1992, inserted by paragraphs 2 and 3 of Schedule 6 to the Welfare Reform and Pensions Act 1999 (c.30), under which state scheme pension debits and credits are to be increased by reference to percentage figures specified in orders under section 148 of the Social Security Administration Act 1992.
- (e) Earnings factors for any tax year after 1996-97 are not relevant to the calculation of any guaranteed minimum; see section 14(8) of the Pension Schemes Act 1993 as amended by paragraph 27(b) of Schedule 5 to the Pensions Act 1995.

- (i) of the additional pension in the rate of any long-term benefit; or
- (ii) of any guaranteed minimum pension; or
- (b) to any other calculation required under Part III of the Pension Schemes Act 1993 (including that Part as modified by or under any other enactment),

are directed to be increased for those tax years by the percentage of their amount shown opposite those tax years in that Schedule.

**Rounding of fractional amounts**

3. Where any earnings factor relevant to the calculation specified in article 2(a)(i) of this Order, as increased in accordance with this Order, would not but for this article be expressed as a whole number of pounds, it shall be so expressed by the rounding down of any fraction of a pound less than one half and the rounding up of any other fraction of a pound.

Signed by authority of the Secretary of State for Work and Pensions.

4th February 2005

*Malcolm Wicks*  
Minister of State,  
Department for Work and Pensions

## SCHEDULE 1

Article 2

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<i>Tax Year</i>	<i>Percentage</i>
1978-79	572.4
1979-80	493.5
1980-81	395.8
1981-82	315.3
1982-83	277.2
1983-84	250.2
1984-85	224.3
1985-86	204.2
1986-87	179.3
1987-88	160.1
1988-89	139.3
1989-90	115.9
1990-91	101.2
1991-92	82.8
1992-93	71.6
1993-94	63.5
1994-95	58.5
1995-96	51.9
1996-97	47.7
1997-98	40.7
1998-99	34.5
1999-2000	29.1
2000-2001	21.4
2001-2002	16.8
2002-2003	11.9
2003-2004	8.1
2004-2005	4.1

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order is made consequent upon a review under section 148 of the Social Security Administration Act 1992 (c.5).

This Order directs that the earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit or of any guaranteed minimum pension, or to any other calculation required under Part III of the Pension Schemes Act 1993 (c.48), are to be increased for the tax years specified in the Schedule to the Order by the percentage of their amount specified in that Schedule. The percentages specified in this Order for the tax years from and including 2000-2001 are also relevant for the purposes of revaluing state scheme pension debits and credits in accordance with sections 45B(6), 55A(5) and 55B(6) of the Social Security Contributions and Benefits Act 1992 (c.4). The percentage for the tax year 2004-2005 is 4.1 per cent., and those for earlier tax years have been increased so that the earnings factors for those years are revalued at 2004-2005 earnings levels.

This Order also provides for the rounding of fractional amounts for earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit. Rounding for the purpose of the calculation of any guaranteed minimum pension is not required by virtue of section 23(2) of the Social Security Contributions and Benefits Act 1992.

A full regulatory impact assessment has not been produced for this instrument as it has no new impact on the costs of business.

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