

2006 No. 496

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2006

<i>Made</i> - - - -	<i>27th February 2006</i>
<i>Laid before Parliament</i>	<i>3rd March 2006</i>
<i>Coming into force</i> - -	<i>6th April 2006</i>

The Secretary of State for Work and Pensions has reviewed the general level of prices obtaining in Great Britain as required by section 148 of the Social Security Administration Act 1992(a).

In accordance with that section, he has considered earlier orders made under it(b) and concluded that the earnings factors(c) for the relevant previous tax years have not maintained their value in relation to those earnings during the review period.

Accordingly, the Secretary of State, 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(d) makes the following Order.

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2006 and shall come into force on 6th April 2006.

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. *See* section 148(2) as amended by section 37 of the Child Support, Pensions and Social Security Act 2000 (c.19).
- (b) 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, 2004/262 and 2005/216. *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.
- (c) *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.
- (d) 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).
- (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(a) (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.

Stephen C. Timms
Minister of State,
Department for Work and Pensions

27th February 2006

SCHEDULE

Article 2

<i>Tax Year</i>	<i>Percentage</i>
1978-79	595.3
1979-80	513.7
1980-81	412.7
1981-82	329.4
1982-83	290.0
1983-84	262.1
1984-85	235.3
1985-86	214.5
1986-87	188.8
1987-88	168.9
1988-89	147.4
1989-90	123.3
1990-91	108.1
1991-92	89.0
1992-93	77.5
1993-94	69.0
1994-95	63.9
1995-96	57.0
1996-97	52.7
1997-98	45.5
1998-99	39.1
1999-2000	33.5
2000-2001	25.6
2001-2002	20.7
2002-2003	15.8
2003-2004	11.7
2004-2005	7.6
2005-2006	3.4

(a) 1993 c.48.

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 2005-2006 is 3.4 per cent., and those for earlier tax years have been increased so that the earnings factors for those years are revalued at 2005-2006 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, charities and voluntary bodies.

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