

2011 No. 475

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2011

Made - - - - *22nd February 2011*

Laid before Parliament *28th February 2011*

Coming into force - - *6th April 2011*

In accordance with section 148(2) (revaluation of earnings factors) of the Social Security Administration Act 1992(a), the Secretary of State has reviewed the general level of earnings obtaining in Great Britain.

The Secretary of State has concluded, having regard to earlier orders made under section 148(b), that earnings factors(c) for the relevant tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings.

The Secretary of State makes the following Order in exercise of the powers conferred upon him by section 148(3) and (4) and section 189(1), (4) and (5) of the Social Security Administration Act 1992(d).

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2011 and shall come into force on 6th April 2011.

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- (a) 1992 c. 5. Section 148 was amended by paragraph 27 of Schedule 8 to the Pension Schemes Act 1993 (c. 48) and by section 37 of the Child Support, Pensions and Social Security Act 2000 (c. 19).
- (b) 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, 2005/216, 2006/496, 2007/781, 2008/730, 2009/608 and 2010/470. Section 148(7)(b) of the Social Security Administration Act 1992 (c. 5) provides that orders under section 21 (revaluation of earnings factors) of the Social Security Pensions Act 1975 (c. 60) 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 (c. 14), section 30(1) of the Child Support, Pensions and Social Security Act 2000 (c. 19), paragraph 7 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19), section 12(1) of, and paragraphs 9 and 33 of Schedule 1 to, the Pensions Act 2007 (c. 22), paragraph 9(1), (3) and (4) of the Welfare Reform Act 2007 (c. 5) and section 3(2) of, and paragraph 2 of Schedule 1 to, the National Insurance Contributions Act 2008 (c. 16). 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), paragraph 8 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) and paragraph 3(2) and 3(3) of Schedule 1 to the National Insurance Contributions Act 2008 (c. 16). See also sections 45B(6), 55A(5) and 55B(6) of the Social Security Contributions and Benefits Act 1992 (c. 4), 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 (c. 5).
- (d) Relevant amendments to section 189 of the Social Security Administration Act 1992 (c. 5) are by paragraph 109 of Schedule 7 and Schedule 8 to the Social Security Act 1998 (c. 14), paragraph 57(1) and (2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) and by Schedule 6 to the Tax Credits Act 2002 (c. 21).

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—

- (a) to the calculation—
 - (i) of the additional pension in the rate of any long-term benefit, or
 - (ii) of any guaranteed minimum pension^(a); or
- (b) to any other calculation required under Part 3 of the Pension Schemes Act 1993^(b) (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 rounding down any fraction of a pound less than one half and rounding up any other fraction of a pound.

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

Steve Webb
Minister of State,
Department for Work and Pensions

22nd February 2011

(a) Earnings factors for any tax year after 1996 – 97 are not relevant to the calculation of any guaranteed minimum pension: section 14(8) of the Pension Schemes Act 1993 (c. 48) as amended by paragraph 27(b) of Schedule 5 to the Pensions Act 1995 (c. 26).

(b) 1993 c. 48.

SCHEDULE

Article 2

Percentage increase of earnings factor for specified tax years

<i>Tax year</i>	<i>Percentage increase</i>
1978 – 1979	705.0
1979 – 1980	610.5
1980 – 1981	493.6
1981 – 1982	397.1
1982 – 1983	351.5
1983 – 1984	319.2
1984 – 1985	288.2
1985 – 1986	264.2
1986 – 1987	234.4
1987 – 1988	211.3
1988 – 1989	186.4
1989 – 1990	158.5
1990 – 1991	140.9
1991 – 1992	118.8
1992 – 1993	105.5
1993 – 1994	95.7
1994 – 1995	89.8
1995 – 1996	81.8
1996 – 1997	76.8
1997 – 1998	68.4
1998 – 1999	61.0
1999 – 2000	54.5
2000 – 2001	45.4
2001 – 2002	39.8
2002 – 2003	34.0
2003 – 2004	29.4
2004 – 2005	24.6
2005 – 2006	19.7
2006 – 2007	15.8
2007 – 2008	11.2
2008 – 2009	6.7
2009 – 2010	3.5
2010 – 2011	2.3

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made following a review under section 148 (revaluation of earnings factors) 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 3 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 2010 – 2011 is 2.3%. The percentages for earlier tax years have been increased so that the earnings factors for those years are revalued at 2010 – 2011 earning levels.

The percentage for the tax year 2010 – 2011 is based on the measure of Average Weekly Earnings, which has replaced the Average Earnings Index as the lead measure of short term changes in average earnings in Great Britain.

This Order also provides for rounding fractional amounts for earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit. By virtue of section 23(2) of the Social Security Contributions and Benefits Act 1992 (c. 4), rounding is not required for the purpose of the calculation of any guaranteed minimum pension.

A full impact assessment has not been produced for this instrument as it has no new impact on the private or voluntary sectors.

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