

2017 No. 287

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2017

<i>Made</i>	- - - -	<i>7th March 2017</i>
<i>Laid before Parliament</i>		<i>13th March 2017</i>
<i>Coming into force</i>	- -	<i>6th April 2017</i>

In accordance with section 148(2) of the Social Security Administration Act 1992(a), the Secretary of State for Work and Pensions 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) of that Act, 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 by sections 148(3) and (4) and 189(1), (4) and (5) of the Social Security Administration Act 1992(d).

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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.s 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, 2010/470, 2011/475, 2012/187, 2013/527, 2014/367, 2015/187 and 2016/205. Section 148(7)(b) of the Social Security Administration Act 1992 “the 1992 Act” 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) “the Contributions and Benefits Act”. 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, paragraph 7 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19), paragraph 9(1), (3) and (4) of Schedule 3 to the Welfare Reform Act 2007 (c. 5), section 12(1) of, and paragraphs 9 and 33 of Schedule 1 to, the Pensions Act 2007 (c. 22), section 3(2) of, and paragraph 2 of Schedule 1 to, the National Insurance Contributions Act 2008 (c. 16) and paragraph 6 of Schedule 12 to the Pensions Act 2014 (c. 19). Section 23 was amended by paragraph 36 of Schedule 8 to the Pension Schemes Act 1993, section 134(1) of the Pensions Act 1995 (c. 26), paragraph 8 of Schedule 1 to the National Insurance Contributions Act 2002 and paragraph 3(2) and 3(3) of Schedule 1 to the National Insurance Contributions Act 2008. See also paragraphs 4(2), 8(4) and 9(4) of Schedule 4B to the Contributions and Benefits Act under which flat rate accrual amounts of additional state pension are to be increased by reference to the percentage figure specified for 2015-16 in orders under section 148 of the 1992 Act. See also paragraphs 2(6) of Schedule 8 and 2(6) of Schedule 10 to the Pensions Act 2014 under which old state scheme pension debits and credits are to be increased by reference to percentage figures specified in orders under section 148 of the 1992 Act.
- (d) Relevant amendments to section 189 of the 1992 Act are made by paragraph 109 of Schedule 7 and Schedule 8 to the Social Security Act 1998, paragraph 57(1) and (2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2), Schedule 6 to the Tax Credits Act 2002 (c. 21) and S.I. 2013/252.

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2017 and shall come into force on 6th April 2017.

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), 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

Richard Harrington
Minister of State,
Department for Work and Pensions

7th March 2017

SCHEDULE

Article 2

Percentage increase of earnings factor for specified tax years

<i>Tax year</i>	<i>Percentage increase</i>
1978-1979	794.1
1979-1980	689.2
1980-1981	559.3
1981-1982	452.2
1982-1983	401.5
1983-1984	365.7
1984-1985	331.2
1985-1986	304.5
1986-1987	271.4
1987-1988	245.8
1988-1989	218.1
1989-1990	187.1
1990-1991	167.6

(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 as amended by paragraph 27(b) of Schedule 5 to the Pensions Act 1995. *See* article 2(7) of S.I. 1996/778 for the meaning of “principal appointed day”.

(b) 1993 c. 48.

1991-1992	143.0
1992-1993	128.2
1993-1994	117.3
1994-1995	110.8
1995-1996	101.9
1996-1997	96.4
1997-1998	87.1
1998-1999	78.8
1999-2000	71.6
2000-2001	61.5
2001-2002	55.3
2002-2003	48.9
2003-2004	43.7
2004-2005	38.4
2005-2006	33.0
2006-2007	28.6
2007-2008	23.5
2008-2009	18.6
2009-2010	15.0
2010-2011	13.6
2011-2012	11.1
2012-2013	9.1
2013-2014	7.2
2014-2015	6.2
2015-2016	4.7
2016-2017	2.6

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 applies to the earnings factors relevant to the calculation of additional pension in any long term benefit (in practice, now relevant only to the calculation of inherited additional pension), or of any guaranteed minimum pension or to any other calculation required under Part 3 of the Pension Schemes Act 1993 (c. 48). The Order provides that these earnings factors 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 used in the revaluing of state scheme pension debits and credits in accordance with sections 13 and 14 of, and paragraphs 2(6) of Schedule 8 and 2(6) of Schedule 10 to, the Pensions Act 2014 (c. 19). The percentage specified for 2015 – 2016 is used to increase flat rate accrual amounts of additional pension in accordance with paragraphs 4(2), 8(4) and 9(4) of Schedule 4B to the Social Security Contributions and Benefits Act 1992 (c. 4).

The percentage specified for the tax year 2016 – 2017 is 2.6%. The percentages for earlier tax years have been increased so that the earnings factors for those years are revalued at 2016 – 2017 earning levels. For the tax year 2016 – 2017, the percentage specified in this Order is only relevant for the revaluation of state scheme debits and credits. This is because accruals of additional pension ended with the introduction of the new state pension on 6th April 2016, and it is not necessary to specify a percentage for calculations under Part 3 of the Pension Schemes Act 1993 for tax years after 2015 – 2016.

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, 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 business or civil society organisations.

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