
EXPLANATORY NOTE

(This note is not part of the Regulations)

Under section 59 of the Social Security Pensions Act 1975 (c.60) the Treasury have to provide by Order for the increase in the rates of public service pensions. The Pensions (Increase) Act 1971 (c.56) defines certain terms and sets out when a pension “begins” (the day after the last day of service in respect of which the pension is payable) and how the increase applies to lump sums.

The increase is the percentage by which the Secretary of State for Work and Pensions has, by direction under section 151(1) of the Social Security Administration Act 1992 (c.5), increased the additional pension entitlements accruing to employees in respect of earnings after 5th April 1978.

Where the pension began since the last direction given by the Secretary of State for Work and Pensions the increase is a fraction of the percentage provided for in the last direction. This usually means that pensions which have been in payment for less than a year get a proportionate fraction of the increase. However there was no direction in 2016. Accordingly the provisions of the Social Security Pensions Act 1975 would require all pensions which began from the date of the direction in 2015 (6th April 2015) to the date of the 2017 direction (10th April 2017) to receive a proportionate fraction of the increase. The modification in regulation 2 of these Regulations restores the usual position so that pensions beginning before 11th April 2016 will receive the full increase (1%) and only those pensions beginning on or after 11th April 2016 (but before 10th April 2017) will get a proportionate fraction of the increase.

An impact assessment has not been produced for this instrument as no impact on the private, voluntary or public sectors is foreseen.