

2018 No. 271

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2018

<i>Made</i>	- - - -	<i>27th February 2018</i>
<i>Laid before Parliament</i>		<i>5th March 2018</i>
<i>Coming into force</i>	- -	<i>6th April 2018</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.

Accordingly the Secretary of State makes this 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) Section 148(7)(b) of the Social Security Administration Act 1992 (c. 5) “the Administration 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. The earlier orders are therefore 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, 2016/205 and 2017/287.
- (c) *See* in respect of additional pensions 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(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) of Schedule 1 to the National Insurance Contributions Act 2008. *See* also in respect of guaranteed minimum pensions section 14 of the Pension Schemes Act 1993, as amended by paragraph 27 of Schedule 5, and Part 3 of Schedule 7, to the Pensions Act 1995, paragraph 38 of Schedule 1 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2), paragraph 22(1) and (3) of Schedule 11 to the Proceeds of Crime Act 2002 (c. 29) and paragraphs 1 and 15 of Schedule 13 to the Pensions Act 2014. *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 2015-2016 in orders under section 148 of the Administration Act. *See* also paragraph 2(6) of each of Schedules 8 and 10 to the Pensions Act 2014 under which old scheme state pension debits and credits are to be increased by reference to percentage figures specified in orders under section 148 of the Administration Act.
- (d) Relevant amendments to section 189 of the Administration 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, 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 2018 and shall come into force on 6th April 2018.

Revaluation of earnings factors

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

- (a) to the calculation of—
 - (i) the additional pension in the rate of any long-term benefit; or
 - (ii) 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 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

Guy Opperman
Parliamentary Under Secretary of State
Department for Work and Pensions

27th February 2018

SCHEDULE

Article 2

Percentage increase of earnings factor for specified tax years

<i>Tax year</i>	<i>Percentage increase</i>
1978-1979	820.9
1979-1980	712.8
1980-1981	579.1
1981-1982	468.7
1982-1983	416.6
1983-1984	379.6
1984-1985	344.1
1985-1986	316.6
1986-1987	282.6
1987-1988	256.2
1988-1989	227.7
1989-1990	195.7
1990-1991	175.6

- (a) Earnings factors for any year after 1996-1997 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.
- (b) 1993 c. 48.

1991-1992	150.3
1992-1993	135.1
1993-1994	123.9
1994-1995	117.1
1995-1996	108.0
1996-1997	102.3
1997-1998	92.7
1998-1999	84.2
1999-2000	76.8
2000-2001	66.3
2001-2002	59.9
2002-2003	53.3
2003-2004	48.0
2004-2005	42.6
2005-2006	37.0
2006-2007	32.5
2007-2008	27.2
2008-2009	22.1
2009-2010	18.4
2010-2011	17.0
2011-2012	14.4
2012-2013	12.4
2013-2014	10.4
2014-2015	9.4
2015-2016	7.8
2016-2017	5.7
2017-2018	3.0

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 earnings factors relevant to the calculation of additional pension in 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) (“the 1993 Act”). Article 2 provides that, for those purposes, earnings factors for the tax years specified in the Schedule to this Order are to be increased by the percentage of their amount specified in that Schedule; the effect is that the earnings factors for those years are revalued at 2017-2018 earnings levels.

Accruals of additional state pension ended with the introduction of new state pension on 6th April 2016. Revaluation of earnings factors is still required for inherited additional state pension in certain circumstances (see sections 48B and 51 of the Social Security Contributions and Benefits Act 1992 (c. 4) (“the Contributions and Benefits Act”).

The percentages specified in this Order for the tax years from and including 2000-2001 are used in the revaluation of old state scheme pension debits and credits (awarded under section 49(1) of the Welfare Reform and Pensions Act 1999 (c. 30)) in accordance with sections 13 and 14 of, and paragraph 2(6) of each of Schedules 8 and 10 to, the Pensions Act 2014 (c. 19). The percentage specified for 2015-2016 is used to increase flat rate accrual amounts of additional state pension in accordance with paragraphs 4(2), 8(4) and 9(4) of Schedule 4B to the Contributions and Benefits Act.

Accruals of guaranteed minimum pensions ended on 6th April 1997 by virtue of section 14(8) of the 1993 Act. Revaluation of earnings factors is still required for guaranteed minimum pensions which are not yet in payment.

Article 3 of this Order 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 Contributions and Benefits Act, 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 no new impact on the private, voluntary or public sector is foreseen.

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