

2020 No. 193

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2020

<i>Made</i>	- - - -	<i>26th February 2020</i>
<i>Laid before Parliament</i>		<i>5th March 2020</i>
<i>Coming into force</i>	- -	<i>6th April 2020</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(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. 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, 2017/287, 2018/271 and 2019/376.
- (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, and paragraph 5 of Schedule 16, 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 and S.I. 2013/252.

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2020 and comes into force on 6th April 2020.

Revaluation of earnings factors

2. 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 is to 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

26th February 2020

SCHEDULE

Article 2

Percentage increase of earnings factors for specified tax years

<i>Tax year</i>	<i>Percentage increase</i>
1978-1979	884.6
1979-1980	769.0
1980-1981	626.0
1981-1982	508.0
1982-1983	452.3
1983-1984	412.8
1984-1985	374.8
1985-1986	345.4
1986-1987	309.0
1987-1988	280.8
1988-1989	250.3
1989-1990	216.2
1990-1991	194.7

- (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	167.6
1992-1993	151.3
1993-1994	139.3
1994-1995	132.1
1995-1996	122.4
1996-1997	116.3
1997-1998	106.0
1998-1999	96.9
1999-2000	89.0
2000-2001	77.8
2001-2002	71.0
2002-2003	63.9
2003-2004	58.2
2004-2005	52.4
2005-2006	46.4
2006-2007	41.6
2007-2008	36.0
2008-2009	30.6
2009-2010	26.6
2010-2011	25.1
2011-2012	22.3
2012-2013	20.1
2013-2014	18.0
2014-2015	17.0
2015-2016	15.2
2016-2017	13.0
2017-2018	10.1
2018-2019	6.9
2019-2020	4.0

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 earnings factors for those years are revalued at 2019-2020 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 calculating guaranteed minimum pensions.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, voluntary or public sector is foreseen.

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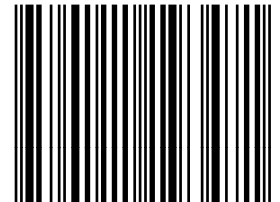
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