

**EXPLANATORY MEMORANDUM
THE SOCIAL SECURITY BENEFITS UP-RATING ORDER
(NORTHERN IRELAND) 2016**

S.R. 2016 No. 92

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department for Social Development to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2 The Statutory Rule is made under powers conferred by sections 132A and 165(1), (4) and (5) of the Social Security Administration (Northern Ireland) Act 1992 and is subject to the confirmatory procedure.

2. Purpose

- 2.1 This Order, one of a series of statutory rules relating to the annual up-rating, provides for the up-rating of specified benefits from April 2016.

3. Background

- 3.1 The Secretary of State for Work and Pensions is required under sections 150 and 150A of the Social Security Administration Act 1992 to review annually the level of benefits in relation to the general level of prices/earnings obtaining in Great Britain. Where the general level is greater at the end of the period under review, an Order is laid before Parliament altering the rates of benefits to which those sections apply.
- 3.2 Unlike in previous years, this Order does not cover those benefits specified in section 150 of the Act including contributory, non-contributory and extra-costs disability benefits. The Secretary of State has determined that those benefits have maintained their value in relation to prices as measured by the Consumer Prices Index (CPI) over the 12-month period ending September 2015¹.
- 3.3 Section 150A(1) and (2) of the Social Security Administration Act 1992 requires the Secretary of State to review and up-rate the standard minimum guarantee element of Pension Credit, the basic State Pension and widow's (apart from the initial rate) and widower's pension in Industrial Death Benefit at least in line with earnings. The Secretary of State has determined that these benefits have not maintained their value in relation to earnings as measured by annual growth in the Average Weekly Earnings statistic for the quarter ending July 2015 (annual growth of 2.9 per cent.). The Social Security Benefits Up-rating Order increases the rates of those benefits.

¹ The Consumer Prices Index (all items) for the 12-month period to end September 2015 showed a negative growth rate, at -0.1 per cent.

- 3.4 Section 132A of the Social Security Administration (Northern Ireland) Act 1992 enables the Department to make an Order corresponding to that made by the Secretary of State for Work and Pensions. The Social Security Benefits Up-rating Order 2016 was made on 25 February 2016, and this Order makes corresponding provision for Northern Ireland.

Basic State Pension

- 3.5 The statutory minimum increase to the basic State Pension is the rise in earnings. The Westminster Government has further given a ‘triple lock’ commitment to the basic State Pension. As both the relevant increase in prices (-0.1 per cent.) and 2.5 per cent. are lower than the rise in earnings, the basic State Pension will increase by 2.9 per cent. from April 2016. This will increase the rate of the full basic pension in a Category A and Category B retirement pension (based respectively on a person’s own National Insurance contributions and those of a late spouse or civil partner) from £115.95 to £119.30 a week. The lower rate of Category B basic pension payable in certain circumstances to a married person or civil partner is similarly increased by 2.9 per cent. from £69.50 to £71.50 per week².

Pension Credit standard minimum guarantee

- 3.6 The standard minimum guarantee element of Pension Credit is increased by 2.9 per cent., in line with the statutory minimum of growth in earnings. The rate for single people is increased from £151.20 to £155.60 per week. The rate for couples is increased from £230.85 to £237.55 per week.

Industrial death benefit

- 3.7 The higher rate of widow’s pension and the widower’s pension in Industrial Death Benefit will increase by the growth in earnings, 2.9 per cent., from £115.95 to £119.30 per week.

4. Consultation

- 4.1 Consultation with the Social Security Advisory Committee regarding this Order is not required as it forms part of the annual up-rating package.

5. Equality Impact

- 5.1 In accordance with its duty under section 75 of the Northern Ireland Act 1998, the Department has conducted a screening exercise and concluded that as this Order only alters the rates of benefits and does not change the conditions for the receipt of benefits it does not have significant implications for equality of opportunity. In light of this, the Department considers that an equality impact assessment is not necessary.

² Non-contributory Category C and D retirement pension are payable at the same rate as the “married person’s” Category B pension and are accordingly also increased to £71.50 per week.

6. Regulatory Impact

6.1 The Order does not require a Regulatory Impact Assessment as it does not impose any costs on business, charities or voluntary bodies.

7. Financial Implications

7.1 The impact on the public sector is to add to programme expenditure but no additional administration costs will be incurred. The total cost of the 2016 up-rating is expected to increase the Department's annually managed expenditure by approximately £79 million.

8. Section 24 of the Northern Ireland Act 1998

8.1 The Department has considered section 24 of the Northern Ireland Act 1998 and is satisfied the Rule—

- (a) is not incompatible with any of the Convention rights,
- (b) is not incompatible with Community law,
- (c) does not discriminate against a person or class of person on the ground of religious belief or political opinion, and
- (d) does not modify an enactment in breach of section 7 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10. Parity or Replicatory Measure

10.1 The corresponding Great Britain instrument is the Social Security Benefits Up-rating Order 2016. Parity of timing and substance is an integral part of the maintenance of single systems of social security, pensions and child support provided for in section 87 of the Northern Ireland Act 1998.

11. Additional Information

11.1 Not applicable.