

1986 No. 809

SOCIAL SECURITY

The Social Security Revaluation of Earnings
Factors Order 1986

<i>Made</i> - - - - -	6th May 1986
<i>Laid before Parliament</i>	15th May 1986
<i>Coming into Operation</i>	5th June 1986

The Secretary of State for Social Services, in exercise of the powers conferred upon him by section 21 of the Social Security Pensions Act 1975 (a) and of all other powers enabling him in that behalf, having on a review under the said section 21 concluded, having had regard to earlier Orders under that section (b), that earnings factors for the relevant previous tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings obtaining in Great Britain, hereby makes the following order:—

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 1986 and shall come into operation on 5th June 1986.

Revaluation of earnings factors

2. The earnings factors relevant—

(a) to the calculation—

(i) of the additional component in the rate of any long-term benefit;
or

(ii) of any guaranteed minimum pension; or

(b) to any other calculation required under Part III of the Social Security Pensions Act 1975 (including that Part as modified by or under any other enactment),

are directed to be increased for the tax years specified in the Schedule hereto by the percentage of their amount shown opposite the said tax years in the said Schedule.

(a) 1975 c. 60; section 21 was amended by the Social Security Act 1979 (c. 18), section 10, the Social Security Act 1980 (c. 30), section 3(3) and Schedule 5, and the Social Security Act 1985 (c. 53), section 4, Schedule 3, paragraphs 1 and 7.

(b) S.I. 1979/832, 1980/728, 1981/598, 1982/607, 1983/655, 1984/581, 1985/688.

Rounding of fractional amounts

3. Where any earnings factor 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 the rounding down of any fraction of a pound less than one half and the rounding up of any other fraction of a pound.

Signed by authority of the Secretary of State for Social Services.

Tony Newton,
Minister of State,
Department of Health and Social Security.

6th May 1986.

SCHEDULE

<i>Tax year</i>	<i>Increase</i>
1978-79	140.7
1979-80	112.3
1980-81	77.4
1981-82	48.5
1982-83	35.0
1983-84	25.3
1984-85	16.1
1985-86	8.9

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order is made consequent upon a review under section 21 of the Social Security Pensions Act 1975 (“the Pensions Act”), which provides for the revaluation of earnings factors so that they maintain their value in relation to the general level of earnings obtaining in Great Britain.

The Order directs that the earnings factors relevant to the calculation of the additional component in the rate of any long-term benefit or of any guaranteed minimum pension or to any other calculation required under Part III of the Pensions Act for the tax years specified in the Schedule to the Order are to be increased by the percentage of their amount specified in that Schedule. The percentage for the tax years 1985–86 has been fixed at 8·9 per cent; those for earlier years have also been increased. The Order also provides for the rounding of fractional amounts.

For the purpose of certain occupational pension schemes which are contracted-out under Part III of the Pensions Act, the increases made by this Order are applied, by section 34(5)(b) and 37(2)(b), to the calculation of the earner’s average annual salary, by sections 35(5) and 41C(4A), to the earnings factor used in calculating his guaranteed minimum pension and by sections 44(6)(a) and 45(3)(a) for the purpose of determining the amount of any state scheme premium.

In certain cases where guaranteed minimum pensions are preserved under arrangements approved by the Occupational Pensions Board under section 44 of the Pensions Act, section 35(5) has effect subject to provisions set out in section 21(1) of the Social Security (Miscellaneous Provisions) Act 1977 (c. 5). Sections 35(5), 41C(4A), 44(6)(a) and 45(3)(a) of the Pensions Act and section 21(1) of the Act of 1977 are all amended by section 4 of and Schedule 3 to the Social Security Act 1985 (c. 53).

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