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 STATUTORY INSTRUMENTS
 

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## 1987 No. 130

## PENSIONS

## The Pensions Increase (Review) Order 1987

<i>Made</i>	- - -	<i>2nd February 1987</i>
<i>Laid before Parliament</i>		<i>9th February 1987</i>
<i>Coming into force</i>	-	<i>6th April 1987</i>

Whereas by virtue of section 23(2)(a) of the Social Security Pensions Act 1975(b) a direction has been given(c) under section 63(2) and section 83(3) of the Social Security Act 1986(d) by the Secretary of State for Social Services that the sums mentioned in section 63(1)(b) are to be increased:

Now therefore the Treasury, in exercise of the powers conferred by section 59(1), (2) and (5) of the Social Security Pensions Act 1975(e) and now vested in them(f), and all other powers enabling them in that behalf, hereby make the following Order:—

**Citation and commencement**

1. This Order may be cited as the Pensions Increase (Review) Order 1987 and shall come into force on 6th April 1987.

**Interpretation**

2.— (1) In this Order—

“the 1971 Act” means the Pensions (Increase) Act 1971(g);

“the 1974 Act” means the Pensions (Increase) Act 1974(h);

“the 1975 Act” means the Social Security Pensions Act 1975;

“basic rate” has the meaning given by section 17(1) of the 1971 Act as amended by section 1(3) of the 1974 Act;

“the existing Orders” means the Pensions Increase (Annual Review) Order 1972(i), the Pensions Increase (Annual Review) Order 1973(j), the Pensions Increase (Annual Review) Order 1974(k), the Pensions Increase (Annual Review) Order 1975(l), the Pensions Increase (Annual Review) Order 1976(m), the Pensions Increase (Annual

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(a) Section 23(2) was amended by Schedule 10, paragraph 91 of the Social Security Act 1986 (c.50).

(b) 1975 c. 60.

(c) The direction is contained in S.I. 1987/45.

(d) 1986 c. 50; section 1 of the Social Security and Housing Benefits Act 1983 (c. 36) made provision for increases to reflect actual, rather than estimated, rises in the general level of prices.

(e) Section 59 was amended and section 59A was added by section 11 of the Social Security Act 1979 (c. 18). Section 59 was also amended by Schedule 5, paragraph 33 to the Social Security Act 1985. Section 59(1) was further amended by Schedule 10, paragraph 93 of the Social Security Act 1986 (c. 50).

(f) S.I. 1981/1670.

(g) 1971 c. 56.

(h) 1974 c. 9.

(i) S.I. 1972/1298.

(j) S.I. 1973/1370.

(k) S.I. 1974/1373.

(l) S.I. 1975/1384.

(m) S.I. 1976/1356.

Review) Order 1977(a), the Pensions Increase (Annual Review) Order 1978(b), the Pensions Increase (Review) Order 1979(c), the Pensions Increase (Review) Order 1980(d), the Pensions Increase (Review) Order 1981(e), the Pensions Increase (Review) Order 1982(f), the Pensions Increase (Review) Order 1983(g), the Pensions Increase (Review) Order 1984(h), the Pensions Increase (Review) Order 1985(i) and the Pensions Increase (Review) Order 1986(j);

“official pension” has the meaning given by section 5(1) of the 1971 Act;

“pension authority” has the meaning given by section 7(1) of the 1971 Act;

“qualifying condition” means one of the conditions laid down in section 3 of the 1971 Act as amended by section 3(2) and (3) of the 1974 Act;

“widow’s pension” means a pension payable in respect of the services of the pensioner’s deceased husband.

(2) For the purposes of this Order the time when a pension “begins” is that stated in section 8(2) of the 1971 Act, and the “beginning date” shall be construed accordingly.

(3) Where, for the purposes of this Order, it is necessary to calculate the number of complete months in any period an incomplete month shall be treated as a complete month if it consists of at least 16 days.

### Pension increases

3. The annual rate of an official pension may, if a qualifying condition is satisfied or the pension is a widow’s pension, be increased by the pension authority in respect of any period beginning on or after 6th April 1987 as follows:—

(1) a pension beginning before 28th July 1986 may be increased by 2.1 per cent of the basic rate as increased by the amount of any increase under section 1 of the 1971 Act or the existing Orders;

(2) a pension beginning on or after 28th July 1986 and before 6th April 1987 may be increased by 2.1 per cent multiplied by  $\frac{A}{B}$  where

(a) A is the number of complete months in the period between the beginning date of the pension and 6th April 1987, and

(b) B is 8.

### Increases in certain lump sums

4. In respect of any lump sum or instalment of a lump sum which became payable before 6th April 1987 but after 27th July 1986 there may be paid an increase of 2.1 per cent of the amount of the lump sum or instalment (as increased by the amount under section 1 of the 1971 Act or under the existing Orders) multiplied by  $\frac{A}{B}$  where

(a) A is the number of complete months in the period between the beginning date for the lump sum or, if later, 28th July 1986 and the date on which it became payable; and

(b) B is 8.

### Reductions in respect of guaranteed minimum pensions

5. The amount by reference to which any increase in the rate of an official pension provided for by this Order is to be calculated shall, in the case of a person—

(a) who is entitled to a guaranteed minimum pension on 6th April 1987, and

(b) whose entitlement to that guaranteed minimum pension arises from an employment from which (either directly or by virtue of the payment of a transfer credit) entitlement to the official pension also arises,

(a) S.I. 1977/1387.

(d) S.I. 1980/1302.

(g) S.I. 1983/1264.

(j) S.I. 1986/1116.

(b) S.I. 1978/1211.

(e) S.I. 1981/1217.

(h) S.I. 1984/1307.

(c) S.I. 1979/1047.

(f) S.I. 1982/1178.

(i) S.I. 1985/1575.

be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury<sup>(a)</sup> shall, in accordance with the provisions of section 59A of the 1975 Act, otherwise direct.

*Tony Durant*  
*Mark Lennox-Boyd*

Two of the Lords Commissioners  
of Her Majesty's Treasury

2nd February 1987

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(a) See S.I. 1981/1670, articles 2(1)(c) and 3(5).

## EXPLANATORY NOTE

*(This note is not part of the Order)*

Under section 59 of the Social Security Pensions Act 1975 as amended by section 11 of the Social Security Act 1979 and as modified by section 59A of the 1975 Act (introduced by section 11(4) of the 1979 Act) the Treasury (in whom the functions conferred by those provisions are now vested) are required to provide by order for the increase in the rates of public service pensions. The increase is the percentage (or in some circumstances a fraction of the percentage) by which the Secretary of State for Social Services has, by directions given under the provisions of section 23(2) of the Social Security Pensions Act 1975 (as amended by Schedule 10, paragraph 91 of the Social Security Act 1986), increased the sums referred to in section 63(1)(b) of the Social Security Act 1986. These are the sums which are the additional components in the rates of long term benefits, namely the additional pension entitlements accruing to employees in respect of earnings after 5th April 1978.

For pensions which began before 28th July 1986 the increase is 2.1 per cent. For pensions which began on or after 28th July 1986 the increases are as follows:

<i>Pensions Beginning</i>	<i>Percentage Increase</i>	<i>Pensions Beginning</i>	<i>Percentage Increase</i>
28th July 1986 to 21st August 1986	2.10%	22nd November 1986 to 21st December 1986	1.05%
22nd August 1986 to 21st September 1986	1.84%	22nd December 1986 to 21st January 1987	0.79%
22nd September 1986 to 21st October 1986	1.58%	22nd January 1987 to 21st February 1987	0.53%
22nd October 1986 to 21st November 1986	1.31%	22nd February 1987 to 21st March 1987	0.26%

Deferred lump sums beginning on or before 21st March 1987 and which become payable after 5th April 1987 receive the same percentage increase as pensions which began on the same date. Article 4 of the Order provides for increases on certain deferred lump sums which became payable after 27th July 1986 and before 6th April 1987.

The Order also makes provision for the amount by reference to which any increase in the rate of an official pension is to be calculated to be reduced by the amount equal to the rate of the guaranteed minimum pension entitlement deriving from the employment which gives rise to the official pension. This is required by section 59(5) of the Social Security Pensions Act 1975 but by virtue of section 59A of that Act and the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981 the Treasury is empowered to direct that in respect of specified cases or classes of case either no such reduction be made or the reduction shall be less than the rate of the guaranteed minimum pension.