

**1989 No. 477**

**PENSIONS**

**The Pensions Increase (Review) Order 1989**

<i>Made</i> - - - -	<i>13th March 1989</i>
<i>Laid before Parliament</i>	<i>16th March 1989</i>
<i>Coming into force</i>	<i>10th April 1989</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)(d) of the Social Security Act 1986(d) by the Secretary of State for Social Services that the sums mentioned in section 63(1)(b) of the Social Security Act 1986 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 1989 and shall come into force on 10th April 1989.

**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

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

(b) 1975 c.60.

(c) The direction is contained in S.I. 1989/43.

(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 (c.53). Section 59(1) was further amended by Schedule 10, paragraph 93 to the Social Security Act 1986.

(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.

Increase (Annual 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), the Pensions Increase (Review) Order 1986(j), the Pensions Increase (Review) Order 1987(k), and the Pensions Increase (Review) Order 1988(l);

“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 10th April 1989 as follows—

(1) a pension beginning before 11th April 1988 may be increased by 5.9 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 11th April 1988 and before 10th April 1989 may be increased by 5.9 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 10th April 1989, and

(b) B is 12.

### **Increases in certain lump sums**

4. In respect of any lump sum or instalment of a lump sum which became payable before 10th April 1989 but on or after 11th April 1988 there may be paid an increase of 5.9 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, 11th April 1988 and the date on which it became payable; and

(b) B is 12.

### **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 10th April 1989, 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.

(k) S.I. 1987/130.

(c) S.I. 1979/1047.

(f) S.I. 1982/1178.

(i) S.I. 1985/1575.

(l) S.I. 1988/217.

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.

*Alan Howarth  
David Maclean*

13th March 1989

Two of the Lords Commissioners of Her Majesty's Treasury

### 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 11th April 1988 the increase is 5.9 per cent. For pensions which began on or after 11th April 1988 the increases are as follows—

<i>Pensions Beginning</i>	<i>Percentage Increase</i>	<i>Pensions Beginning</i>	<i>Percentage Increase</i>
11th April 1988 to 25th April 1988	5.9%	26th September 1988 to 25th October 1988	2.95%
26th April 1988 to 25th May 1988	5.41%	26th October 1988 to 25th November 1988	2.46%
26th May 1988 to 25th June 1988	4.92%	26th November 1988 to 25th December 1988	1.97%
26th June 1988 to 25th July 1988	4.43%	26th December 1988 to 25th January 1989	1.47%
26th July 1988 to 25th August 1988	3.93%	26th January 1989 to 25th February 1989	0.98%
26th August 1988 to 25th September 1988	3.44%	26th February 1989 to 25th March 1989	0.49%

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

Deferred lump sums beginning on or before 25th March 1989 and which become payable after 9th April 1989 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 on or after 11th April 1988 and before 10th April 1989.

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.

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