STATUTORY INSTRUMENTS

2015 No. 671

PENSIONS

The Pensions Increase (Review) Order 2015

Made - - - -	*12th March 2015*
Laid before Parliament	*13th March 2015*
Coming into force - -	*6th April 2015*

The Secretary of State for Work and Pensions has, by virtue of section 151 of the Social Security Administration Act 1992(**1**), given a direction(**2**) that the sums mentioned in section 150(1)(c) of that Act are to be increased by a specified percentage.

The Treasury make the following Order in exercise of the powers conferred by section 59(1), (2), (5) and (5ZA) of the Social Security Pensions Act 1975(**3**), and now vested in them(**4**):

Citation and commencement

1. This Order may be cited as the Pensions Increase (Review) Order 2015 and comes into force on 6th April 2015.

Interpretation

2.—(1) In this Order, "the Act" means the Social Security Pensions Act 1975.

(2) In this Order, any reference to a pension is a reference to a pension which began before 6th April 2015(**5**).

(**1**) 1992 c.5; section 151(1) was amended by section 130(2) of the Pensions Act 1995 (c.26).
(**2**) The direction is contained in S.I. 2015/457**.**
(**3**) 1975 c.60. Section 59(1) was amended by section 1(7) of the Pensions (Miscellaneous Provisions) Act 1990 (c.7) and by the Social Security (Consequential Provisions) Act 1992 (c.6), Schedule 2, paragraph 34. Section 59(5) was amended by section 11 of the Social Security Act 1979 (c.18) and the Social Security Act 1985 (c.53), Schedule 5, paragraph 33. Section 59 was also amended by the Social Security Act 1979, section 11 and Schedule 3, paragraph 20; section 9(8) of the Social Security Act 1986 (c.50) (which inserted subsection (5A)); section 5 of the Pensions (Miscellaneous Provisions) Act 1990 (which inserted subsection (5ZA)) and the Pension Schemes Act 1993 (c.48), section 190 and Schedule 8, paragraph 9(1). Section 59 was modified by section 59A, which was inserted by section 11(4) of the Social Security Act 1979, amended by the Social Security Act 1986, section 9(9), and further amended by the Pension Schemes Act 1993, section 190 and Schedule 8, paragraph 9(2). Section 59(5ZA) was amended, and subsections (5ZB) and (5ZC) inserted, by the Pensions Act 2008 (c.30), section 137 and Schedule 11, Part 6. Subsections (5ZB), (5ZC) and (7) were in addition amended by the Marriage (Same Sex Couples) Act 2013 (Consequential and Contrary Provisions and Scotland) Order 2014 (S.I. 2014/560), Schedule 3, paragraph 2.
(**4**) By virtue of article 2(1)(c) and (d) of the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981 (S.I. 1981/1670).
(**5**) By virtue of section 59(7) of the Social Security Pensions Act 1975, sections 59 and 59A of that Act have effect as if they were contained in Part 1 of the Pensions (Increase) Act 1971 (c.56). Consequently, for the purposes of section 11 of the Interpretation Act 1978 (c.30) the following expressions used in this Order have the meaning which they bear in section 59 of the Social

Pension increases: annual rate and lump sums

3.—(1) This article applies to an official pension if—

(a) a qualifying condition is satisfied; or

(b) the pension is—

(i) a derivative pension,

(ii) a substituted pension, or

(iii) a relevant injury pension.

(2) In relation to any period on or after 6th April 2015, the pension authority may increase the annual rate(**6**) of the pension—

(a) for a pension which began before 7th April 2014, by 1.2 per cent;

(b) for a pension which began on or after 7th April 2014, by 1.2 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months in the period between the beginning date of the pension and 6th April 2015.

(3) In relation to a lump sum which is payable on or after 7th April 2014 but before 6th April 2015, the pension authority may increase the lump sum by 1.2 per cent multiplied by—

$$\frac{A}{12}$$

where A is the number of complete months in the period between the beginning date for the lump sum (or, if later, 7th April 2014) and the date on which it became payable.

Reductions in respect of guaranteed minimum pensions

4.—(1) Where—

(a) a person is entitled to a guaranteed minimum pension increase on 6th April 2015, and

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

the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury otherwise direct in accordance with the provisions of section 59A of the Act(**7**).

(2) Where on the death of a deceased spouse or civil partner a person becomes entitled to a guaranteed minimum pension in relation to a surviving spouse's pension or a surviving civil partner's pension, the amount by reference to which any increase is calculated for the purposes of article 3(2) must be reduced in accordance with section 59(5ZA) of the Act.

Security Pensions Act 1975 and the Pensions (Increase) Act 1971: beginning date, complete months, derivative pension, lump sum, official pension, pension authority, qualifying condition, relevant injury pension and substituted pension. Section 8(2) of the Pensions (Increase) Act 1971 also makes provision about when a pension begins for the purposes of that Act.

(**6**) Section 59(5) of the Social Security Pensions Act 1975 provides that increases in the rate of a pension are to be calculated by reference to the basic rate of the pension as authorised to be increased by section 1 of the Pensions (Increase) Act 1971 or by any order under section 2 of that Act or section 59 of the Social Security Pensions Act 1975.

(**7**) The power of direction is vested in the Treasury by S.I. 1981/1670.

David Evennett
Alun Cairns
Two of the Lords Commissioners of Her Majesty's Treasury

12th March 2015

EXPLANATORY NOTE

(This note is not part of the Order)

Under section 59 of the Social Security Pensions Act 1975 (c.60), the Treasury have to provide by Order for the increase in the rates of public service pensions. The Pensions (Increase) Act 1971 (c.56) defines certain terms and sets out when the pension "begins" (the day after the last day of service in respect of which the pension is payable) and how the increase applies to lump sums.

The increase is the percentage by which the Secretary of State for Work and Pensions has, by a direction under section 151(1) of the Social Security Administration Act 1992 (c.5), increased the additional pension entitlements accruing to employees in respect of earnings after 5th April 1978.

For pensions which began before 7th April 2014 the increase is 1.2 per cent. For pensions which began on or after 7th April 2014 the increases (following the calculation set out in article 3(2)) are as follows—

Table 1

Pensions Beginning	*Pensions Increase*
7th April 2014 to 21st April 2014	1.2%
22nd April 2014 to 21st May 2014	1.1%
22nd May 2014 to 21st June 2014	1.0%
22nd June 2014 to 21st July 2014	0.9%
22nd July 2014 to 21st August 2014	0.8%
22nd August 2014 to 21st September 2014	0.7%
22nd September 2014 to 21st October 2014	0.6%
22nd October 2014 to 21st November 2014	0.5%
22nd November 2014 to 21st December 2014	0.4%
22nd December 2014 to 21st January 2015	0.3%
22nd January 2015 to 21st February 2015	0.2%
22nd February 2015 to 21st March 2015	0.1%

Article 3(3) of the Order provides for increases on certain deferred lump sums which became payable on or after 7th April 2014 and before 6th April 2015.

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.

An impact assessment has not been produced for this instrument as no significant impact on the cost of business or the voluntary sector is foreseen.