
DRAFT STATUTORY INSTRUMENTS

2006 No.

The Social Security Benefits Up-rating Order 2006

PART 2

SOCIAL SECURITY BENEFITS AND PENSIONS

Increase in rates or amounts of certain benefits under the Contributions and Benefits Act

3.—(1) The sums specified in paragraph (2) shall be increased from and including the respective dates specified in article 6 so that Schedule 4 to the Contributions and Benefits Act (contributory periodical benefits, non-contributory periodical benefits, increases for dependants and rates of industrial injuries benefit), except paragraph 5 of Part III of that Schedule (guardian's allowance), has effect as set out in Schedule 1 to this Order.

(2) The sums mentioned in paragraph (1) are the sums specified in Parts I, III, IV and V of Schedule 4 to the Contributions and Benefits Act except, in—

- (a) Part III, the sums specified for age addition to a pension of any category and otherwise under section 79 of that Act;
- (b) Part IV, the sums specified in column (2) (increase for qualifying child); and
- (c) Part V, the sums specified for the increase in disablement pension for dependant children, widow's pension (initial rate) and death benefit allowance in respect of children and qualifying young persons⁽¹⁾,

which remain the same.

Increase in rates or amounts of certain pensions and allowances under the Contributions and Benefits Act

4.—(1) The sums specified in paragraphs (2) to (5) shall be increased from and including the respective dates specified in article 6.

(2) The sums falling to be calculated under paragraph 13(4) of Schedule 7 to the Contributions and Benefits Act (calculation of weekly rate of a beneficiary's retirement allowance) shall be increased by 2.7 per cent.

(3) In section 44(4) of the Contributions and Benefits Act⁽²⁾ (basic pension in a Category A retirement pension)—

- (a) for "£73.35" substitute "£75.35"; and
- (b) for "£82.05" substitute "£84.25".

(4) It is directed⁽³⁾ that the sums which are—

(1) Part V of Schedule 4 to the Contributions and Benefits Act was amended by paragraph 15 of Schedule 1 to the Child Benefit Act 2005.
(2) Section 44(4) was substituted by section 68 of the 1998 Act.
(3) See section 151(1) of the Administration Act.

- (a) additional pensions in long-term benefits calculated by reference to any final relevant year earlier than the tax year 2005–2006;
 - (b) increases in the rates of retirement pensions under Schedule 5 to the Contributions and Benefits Act(4) (increase of pension where entitlement is deferred);
 - (c) lump sums to which surviving spouses or civil partners will become entitled under paragraph 7A of that Schedule(5) on becoming entitled to a Category A or Category B retirement pension (entitlement to lump sum where pensioner’s deceased spouse or civil partner has deferred entitlement); and
 - (d) payable to a pensioner as part of his Category A or Category B retirement pension by virtue of an order made under section 126A of the Social Security Act 1975(6), section 63 of the Social Security Act 1986(7) or section 150(1)(e) of the Administration Act,
- shall in each case be increased by 2.7 per cent.

(5) The sums which, under—

- (a) section 55A of the Contributions and Benefits Act(8), are shared additional pensions; and
- (b) paragraph 2 of Schedule 5A to the Contributions and Benefits Act(9), are increases in the rates of such pensions,

shall in each case be increased by 2.7 per cent.

Increase in rates or amount of certain benefits under the Pension Schemes Act

5.—(1) It is directed(10) that the sums specified in paragraph (2) shall be increased from and including the respective dates specified in article 6.

(2) Sums which are payable by virtue of section 15(1) of the Pension Schemes Act (which provides for increases in a person’s guaranteed minimum pension if payment of his occupational pension is postponed after he attains pensionable age) to a person who is also entitled to a Category A or Category B retirement pension (including sums payable by virtue of section 17(2) and (3) of that Act), shall be increased by 2.7 per cent. where the increase under section 15(1) is attributable to earnings factors for the tax year 1987-88 and earlier tax years(11).

Dates on which sums specified for rates or amounts of benefits under the Contributions and Benefits Act or the Pension Schemes Act are increased by this Order

6.—(1) Paragraphs (2) to (9), which are subject to the provisions of paragraph (10), specify the date on which the increases made by this Order in the sums specified for rates or amounts of benefit under the Contributions and Benefits Act or the Pension Schemes Act shall take effect for each case.

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- (4) Schedule 5 was amended by paragraph 42 of Schedule 8 to the 1993 Act, paragraph 40 of Schedule 1 to the 1994 Act, paragraphs 6 and 21 of Schedule 4, and Schedule 7, to the Pensions Act 1995, section 39 of the Child Support, Pensions and Social Security Act 2000 (c. 19) (“the 2000 Act”) and Schedule 6 to the Tax Credits Act.
 - (5) Paragraph 7A was inserted by paragraph 11 of Schedule 11 to the Pensions Act 2004 and amended by paragraph 5(11) of the Schedule to the Civil Partnership (Pensions and Benefit Payments) (Consequential, etc. Provisions) Order 2005 (S.I.2005/2053).
 - (6) 1975 c. 14; section 126A was inserted by section 12 of the Social Security Act 1979 (c. 18) and repealed by section 86 of, and Schedule 11 to, the Social Security Act 1986 (c. 50).
 - (7) Section 63 was repealed by Schedule 1 to the Social Security (Consequential Provisions) Act 1992 (c. 6).
 - (8) Section 55A was inserted by paragraph 3 of Schedule 6 to the 1999 Act and amended by section 41(3) of the 2000 Act.
 - (9) Schedule 5A was inserted by paragraph 15 of Schedule 11 to the Pensions Act 2004 (c. 35).
 - (10) See section 151(2) of the Administration Act.
 - (11) See section 151(4) of the Administration Act. Under section 151(4), where an increment under section 15(1) of the 1993 Act is increased by an order under section 109 of that Act, the increase that would otherwise fall to be made by this Order is reduced by the amount of the increase under section 109. Section 109 of the 1993 Act was amended by section 55 of the Pensions Act 1995. The Guaranteed Minimum Pensions Increase Order 2006 (S.I. 2006/ []) provides for an increase of 2.7 per cent. where the increase under section 15(1) is attributable to the tax years 1988-89 and subsequent tax years up to and including 1996–97.

(2) Subject to paragraph (3), any increases in the sums mentioned in articles 3, 4 and 12 for Category A and Category B retirement pension and graduated retirement benefit together with, where appropriate, any increases for dependants, shall take effect on 10th April 2006.

(3) In the case of a person over pensionable age—

- (a) whose entitlement to a Category A retirement pension is deferred; and
- (b) for whom the rate of short-term incapacity benefit falls to be calculated in accordance with section 30B(3) of the Contributions and Benefits Act⁽¹²⁾,

any increases in the sums mentioned in articles 3, 4 and 12 for Category A and Category B retirement pension and graduated retirement benefit together with, where appropriate, any increases for dependants, shall take effect on 13th April 2006.

(4) The increases in the sums mentioned in articles 4(4)(d) and 5(2) shall take effect on 10th April 2006.

(5) Any increases in the sums specified for—

- (a) the rate of—
 - (i) Category C and Category D retirement pension,
 - (ii) attendance allowance, and
 - (iii) carer's allowance (except in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday); and
- (b) any increases in—
 - (i) Category C retirement pension and carer's allowance referred to in sub-paragraph (a) (i) and (iv), and
 - (ii) maternity allowance, widowed mother's allowance and widowed parent's allowance, in respect of dependants,shall in all cases take effect on 10th April 2006.

(6) Any increases in the sums specified for—

- (a) the rate of—
 - (i) carer's allowance in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday,
 - (ii) disablement benefit,
 - (iii) maximum disablement gratuity under paragraph 9(2) of Schedule 7 to the Contributions and Benefits Act,
 - (iv) industrial death benefit by way of widow's and widower's pension and allowance in respect of children and qualifying young persons⁽¹³⁾,
 - (v) the maximum of the aggregate of weekly benefit payable for successive accidents, under section 107(1) of the Contributions and Benefits Act; and
- (b) any increases in—
 - (i) the benefits referred to in heads (i), (iii) and (iv) of sub-paragraph (a) in respect of dependants, and
 - (ii) disablement pension,shall in all cases take effect on 12th April 2006.

⁽¹²⁾ Section 30B was inserted by section 2(1) of the 1994 Act, subsection (3) was amended by paragraph 21(3) of Schedule 4 to the Pensions Act 1995, Schedule 6 to the Tax Credits Act and by paragraph 15 of Schedule 24 to the Civil Partnership Act 2004 (c. 33).

⁽¹³⁾ The words "qualifying young persons" are inserted into Schedule 7 to the Contributions and Benefits Act by paragraph 16(2) of Schedule 1 to the Child Benefit Act 2005.

(7) In any case where a person's weekly rate of Category A or Category B retirement pension falls to be increased under the provisions of section 47(1) or 48C(2) of the Contributions and Benefits Act(14) by reference to the weekly rate of invalidity allowance or age addition to long-term incapacity benefit to which he was previously entitled, any increase in such sum shall take effect on 10th April 2006.

(8) The increases in the sums specified for the rate of incapacity benefit and severe disablement allowance (together with, where appropriate, any increases for dependants) shall take effect in all cases on 13th April 2006.

(9) The increases in the sums falling to be calculated in accordance with paragraph 13(4) of Schedule 7 to the Contributions and Benefits Act (retirement allowance) shall take effect on 12th April 2006.

(10) Any increases in the sums specified in articles 3 and 23(c), in so far as those sums are relevant for the purposes of establishing whether the rate of any benefit is not to be increased in respect of an adult dependant because the earnings of the dependant exceed a specified amount(15), shall take effect—

- (a) except in a case where sub-paragraph (b) applies, on the first day of the first benefit week to commence for the beneficiary on or after 10th April 2006;
- (b) in a case where regulation 7(b) of the Computation of Earnings Regulations (date on which earnings are treated as paid) applies, on the first day of the first benefit week to commence for the beneficiary on or after 1st April 2006,

and for the purposes of this paragraph, "benefit week" has the same meaning as in regulation 2(1) of the Computation of Earnings Regulations.

Increase in rates of certain workmen's compensation and industrial diseases benefits in respect of employment before 5th July 1948

7. From and including—

- (a) 12th April 2006, for "£45.70" referred to in paragraph 2(6)(c) of Schedule 8 to the Contributions and Benefits Act (maximum weekly rate of lesser incapacity allowance supplementing workmen's compensation);
- (b) 13th April 2006, for that sum referred to in paragraph 6(2)(b) of that Schedule (industrial diseases benefit schemes: weekly rate of allowance payable where disablement is not total),

substitute "£46.95".

Earnings Limits

8. In section 80(4) of the Contributions and Benefits Act(16) (earnings limits in respect of child dependency increases)—

- (a) for "£170.00", in both places where it occurs, substitute "£175.00"; and
- (b) for "£22.00" substitute "£23.00".

(14) Section 47(1) was amended by paragraph 13 of Schedule 1 to the 1994 Act. Section 48C was inserted by paragraph 3 of Schedule 4 to the Pensions Act 1995 and amended by S.I. [2005/2053](#).

(15) See sections 82(3)(a), 83(2)(b) and 84(2)(b) of the Contributions and Benefits Act, regulations 8 and 10(2) of, and paragraph 7 of Schedule 2 to, the Social Security Benefit (Dependency) Regulations 1977 (S.I. [1977/343](#)) ("the 1977 Regulations") and regulation 10 of the Social Security (Incapacity Benefit—Increases for Dependants) Regulations 1994 (S.I. [1994/2945](#)). Relevant amending instruments are S.I. [1984/1698](#) and [1699](#), [1987/355](#), [1988/554](#), [1989/523](#) and [1642](#), [1992/3041](#), [1994/2945](#), [1996/1345](#) and [2745](#), and [2002/2497](#). Paragraph 7 of Schedule 2 to the 1977 Regulations was also amended by section 37 of the Social Security Act 1986.

(16) Section 80 was repealed by section 60 of, and Schedule 6 to, the Tax Credits Act. Article 3 of S.I. [2003/938](#) saves the repealed provision in certain circumstances.

Statutory Sick Pay

9. In section 157(1) of the Contributions and Benefits Act (rate of payment of statutory sick pay) for “£68.20” substitute “£70.05”.

Statutory Maternity Pay

10. In regulation 6 of the Statutory Maternity Pay (General) Regulations 1986(**17**) (prescribed rate of statutory maternity pay) for “£106.00” substitute “£108.85”.

Statutory Paternity Pay and Statutory Adoption Pay

11. In the Statutory Paternity Pay and Statutory Adoption Pay (Weekly Rates) Regulations 2002(**18**)—

- (a) in regulation 2(a) (weekly rate of payment of statutory paternity pay) for “£106.00” substitute “£108.85”; and
- (b) in regulation 3(a) (weekly rate of payment of statutory adoption pay) for “£106.00” substitute “£108.85”.

Increase in rate of graduated retirement benefit

12.—(1) In section 36(1) of the National Insurance Act 1965(**19**) (graduated retirement benefit)—

- (a) the sum of 9.93 pence shall be increased by 2.7 per cent.; and
- (b) from and including 10th April 2006 the reference in that provision to that sum shall have effect as a reference to 10.20 pence.

(2) The sums which are the increases of graduated retirement benefit under Schedule 2 to the Social Security (Graduated Retirement Benefit) (No. 2) Regulations 1978(**20**) (increases for deferred retirement) shall be increased by 2.7 per cent.

(3) The sums which are the additions under section 37(1) of the National Insurance Act 1965 (additions for widows and widowers) shall be increased by 2.7 per cent.

Increase in rates of Disability Living Allowance

13. In regulation 4 of the Social Security (Disability Living Allowance) Regulations 1991(**21**) (rate of benefit)—

- (a) in paragraph (1)(a) for “£60.60” substitute “£62.25”;
- (b) in paragraph (1)(b) for “£40.55” substitute “£41.65”;
- (c) in paragraph (1)(c) for “£16.05” substitute “£16.50”;
- (d) in paragraph (2)(a) for “£42.30” substitute “£43.45”; and
- (e) in paragraph (2)(b) for “£16.05” substitute “£16.50”.

(17) S.I. 1986/1960; relevant amending instruments are S.I. 2002/2690 and 2005/522.

(18) S.I. 2002/2818; relevant amending instruments are S.I. 2004/925 and 2005/522.

(19) 1965 c. 51. Sections 36 and 37 were repealed by the Social Security Act 1973 (c. 38) but are continued in force by regulation 3 of the Social Security (Graduated Retirement Benefit) (No. 2) Regulations 1978 (S.I. 1978/393), in the modified form set out in Schedule 1 to those Regulations; relevant amending instruments are S.I. 1989/1642 and 2005/522. See also regulation 2 of those Regulations, which was substituted by S.I. 1995/2606.

(20) S.I. 1978/393; relevant amending instrument is S.I. 1989/1642.

(21) S.I. 1991/2890; relevant amending instruments are S.I. 1993/1939 and 2005/522.

Increase in rates of age addition to long-term incapacity benefit

14. In regulation 10(2) of the Social Security (Incapacity Benefit) Regulations 1994⁽²²⁾ (increase in rate of incapacity benefit where beneficiary is under prescribed age on the qualifying date)—

- (a) in sub-paragraph (a) for “£16.05” substitute “£16.50”; and
- (b) in sub-paragraph (b) for “£8.05” substitute “£8.25”.

Increase in rates of transitional invalidity allowance in long-term incapacity benefit cases

15. In regulation 18(2) of the Social Security (Incapacity Benefit) (Transitional) Regulations 1995⁽²³⁾ (rate of long-term incapacity benefit in transitional cases)—

- (a) in sub-paragraph (a) for “£16.05” substitute “£16.50”;
- (b) in sub-paragraph (b) for “£10.30” substitute “£10.60”; and
- (c) in sub-paragraph (c) for “£5.15” substitute “£5.30”.

⁽²²⁾ S.I. 1994/2946; relevant amending instrument is S.I. 2005/522.

⁽²³⁾ S.I. 1995/310; relevant amending instrument is S.I. 2005/522.