



# Social Security Act 1975

## 1975 CHAPTER 14

### PART IV

#### GENERAL PROVISIONS AS TO OPERATION AND ADMINISTRATION OF THIS ACT

##### *Finance*

#### **133 National Insurance Fund**

- (1) The National Insurance Fund shall continue to be maintained under the control and management of the Secretary of State.
- (2) Accounts of the National Insurance Fund shall be prepared in such form, and in such manner and at such times, as the Treasury may direct, and the Comptroller and Auditor-General shall examine and certify every such account and shall lay copies thereof, together with his report thereon, before Parliament.
- (3) Any money in the National Insurance Fund may from time to time be paid over to the National Debt Commissioners and be invested by them, in accordance with such directions as may be given by the Treasury, in any such manner as may be specified by an order of the Treasury for the time being in force under section 22(1) of the National Savings Bank Act 1971.
- (4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which money in the National Insurance Fund is for the time being invested.
- (5) There shall be made out of the National Insurance Fund into the Consolidated Fund, or out of money provided by Parliament into the National Insurance Fund, such payments by way of adjustment as the Secretary of State determines (in accordance with any directions of the Treasury) to be appropriate in consequence of the operation of any enactment or regulations relating to the repayment or offsetting of benefit or other payments.
- (6) Where in other circumstances payments fall to be made by way of adjustment—

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- (a) out of the National Insurance Fund either to the Secretary of State or another government department, or into the Reserve Pension Fund or the Consolidated Fund; or
- (b) into the National Insurance Fund out of the Reserve Pension Fund or out of money provided by Parliament,

then, in such cases or classes of case as may be specified by the Secretary of State by order made with the consent of the Treasury, the amount of the payments to be made shall be taken to be such, and payments on account thereof shall be made at such times and in such manner, as may be determined by the Secretary of State in accordance with any directions given by the Treasury.

### **134 Destination of contributions and Treasury supplements**

- (1) Contributions received by the Secretary of State under Part I of this Act shall be paid by him into the National Insurance Fund after deducting—
  - (a) from contributions of any class, the appropriate national health service allocation in the case of contributions of that class ; and
  - (b) from secondary Class 1 contributions, the appropriate allocation to the Redundancy Fund.
- (2) The contributions referred to in subsection (1) above include those paid over to the Secretary of State by the Inland Revenue under section 9(4) of this Act and Schedule 1, paragraph 5(3); but subsection (1) is subject to section 9(6) as respects contributions from Northern Ireland.
- (3) The Treasury supplements shall be paid, in accordance with any directions given by the Treasury, into the National Insurance Fund.
- (4) In subsection (1) above, " the appropriate national health service allocation " means—
  - (a) in the case of primary Class 1 contributions, 0-4 per cent. of the amount determined to be that of the earnings in respect of which those contributions were paid;
  - (b) in the case of secondary Class 1 contributions, 0-6 per cent, of the amount determined to be that of the earnings in respect of which those contributions were paid;
  - (c) in the case of Class 2 contributions, 8 per cent. of the amount determined to be the total of those contributions ;
  - (d) in the case of Class 3 contributions, 8 per cent. of the amount determined to be the total of those contributions ; and
  - (e) in the case of Class 4 contributions, 0-6 per cent. of the amount determined to be that of the earnings in respect of which those contributions were paid ;

and " the appropriate allocation to the Redundancy Fund ", in the case of secondary Class 1 contributions, means 0-2 per cent. of the amount determined to be that of the earnings in respect of which those contributions were paid; and in this subsection " determined " means determined by the Secretary of State in accordance with any directions given by the Treasury.
- (5) So much of any contributions as is to be deducted under subsection (1) above before payment of the remainder into the National Insurance Fund shall be dealt with as follows—
  - (a) from the national health service allocation in respect of contributions of any class there shall be deducted such amount as the Secretary of State may

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estimate to be the portion of the total expenses incurred by him or any other government department in collecting contributions of that class which is fairly attributable to that allocation, and the remainder shall, in the hands of the Secretary of State, be taken as paid towards the cost—

- (i) of the national health service in England ;
  - (ii) of that service in Wales, and
  - (iii) of that service in Scotland,
- in such shares as the Treasury may determine ;
- (b) from the appropriate allocation to the Redundancy Fund there shall be deducted such amount as the Secretary of State may estimate to be the portion of the total expenses incurred by him or any other government department in collecting secondary Class 1 contributions which is fairly attributable to that allocation, and the remainder shall be paid by the Secretary of State into that Fund ; and
  - (c) any amounts deducted in accordance with paragraphs (a) and (b) above shall be paid by the Secretary of State into the Consolidated Fund ;

and any estimate by the Secretary of State for the purposes of those paragraphs shall be made in accordance with any directions given by the Treasury.

- (6) The Secretary of State may make regulations modifying this section, in such manner as he thinks proper, in relation to the contributions of persons referred to in—
  - section 128(2) (H.M. forces);
  - section 129(1) (mariners, airmen, etc.), and
  - section 132(1) (continental shelf workers).

### **135 General financial arrangements**

- (1) Subject to subsection (2) below, all benefit under Part II of this Act shall be paid out of the National Insurance Fund.
- (2) Subsection (1) does not apply to any of the following benefits, namely—
  - (a) an attendance allowance;
  - (b) a non-contributory invalidity pension ;
  - (c) an invalid care allowance ;
  - (d) a Category C or Category D retirement pension;
  - (e) age addition payable—
    - (i) under section 40(1), in respect of a retirement pension of either of those categories, or
    - (ii) under section 40(2);
  - (f) benefit payable under section 39(4) (benefits for old people payable under regulations and corresponding to Category C pension, etc.).
- (3) There shall be paid out of money provided by Parliament—
  - (a) any administrative expenses of the Secretary of State or other government department in carrying this Act and the Old Cases Act into effect; and
  - (b) any of the benefits which by virtue of subsection (2) above are not payable out of the National Insurance Fund,except in so far as they may be required by any enactment to be paid or borne in some other way.

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- (4) The administrative expenses referred to in subsection (3)(a) above include those in connection with any inquiry undertaken on behalf of the Secretary of State with a view to obtaining statistics relating to the operation of this Act or the Old Cases Act.
- (5) There shall be paid out of the National Insurance Fund into the Consolidated Fund, at such times and in such manner as the Treasury may direct, such sums as the Secretary of State may estimate (in accordance with any directions given by the Treasury) to be the amount of the administrative expenses incurred as mentioned in subsection (3) (a) above, excluding—
  - (a) expenses attributable to the carrying into effect of provisions of this Act relating to the benefits which by virtue of subsection (2) above are not payable out of the National Insurance Fund ; and
  - (b) any other category of expenses which the Treasury may direct, or any enactment may require, to be excluded from the Secretary of State's estimate under this subsection.
- (6) Any sums repaid to the Secretary of State in pursuance of section 119(1) (effect of adjudication) shall—
  - (a) be paid by him into the Consolidated Fund in so far as they represent benefit which under this section is payable out of money provided by Parliament and not out of the National Insurance Fund; and
  - (b) otherwise, be paid by him into that Fund.

### **136 Payments for purposes of s.92**

- (1) The Secretary of State may, with the consent of the Treasury—
  - (a) issue out of the National Insurance Fund sums equal to the respective amounts (as estimated in accordance with this section) which, but for any arrangement to which section 92 of this Act applies, would have been paid out of that Fund by way of benefit; and
  - (b) deal with those sums in accordance with the following provisions of this section.
- (2) Any such sum which is attributable to an arrangement relating to the members, officers and servants of the Post Office shall be paid to the Post Office; and, subject to this, any such sum shall be paid to such person or fund (including the Consolidated Fund) as the Treasury may direct.
- (3) The amounts mentioned in subsection (1)(a) above shall be estimated—
  - (a) where the payment is to be made into the Consolidated Fund, by the Secretary of State; and
  - (b) in any other case in such manner as may be agreed between the person receiving the payment (or responsible for the fund to which the payment is made) and the Secretary of State acting with the consent of the Treasury.
- (4) Subsection (1) above shall not apply where the pay during absence from work covered by the relevant arrangement forms part of the expenses within section 135(5) above.

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### **137 Financial review and report**

- (1) As from the end of the period of 5 years from 6th April 1975, or such shorter period as the Secretary of State may direct, the Government Actuary shall review the operation of this Act and the Old Cases Act during that period.
- (2) Thereafter as from the end of each period of 5 tax years, or such shorter period as the Secretary of State may direct in respect of any review, the Government Actuary shall review the operation (during the period since the end of the last period to be the subject of a review) of this Act and the Old Cases Act.
- (3) It shall be the object of a review by the Government Actuary under this section to determine the extent to which the level at which the National Insurance Fund stands from year to year may be expected in the longer term to bear a proper relation to demands in respect of payments of benefit; and for this purpose the Actuary shall take into account current rates of contributions, the yield to be expected from contributions in the longer term, and such other matters as he considers to be relevant as affecting the present and future level of the Fund.
- (4) After completing his review, the Government Actuary shall report to the Secretary of State his opinion on the question referred to in subsection (3) above; and the Secretary of State shall lay a copy of the report before Parliament.