

## EXPLANATORY NOTE

Under section 2 of the Pensions (Increase) Act 1971 (as amended by section 25(1) of the Superannuation Act 1972) the Minister for the Civil Service is required to conduct a review of rates of public service pensions against any rise in the cost of living during the review period. The Order provides for the payment, with effect from 1st December 1978, of the pension increases resulting from the 1978 review and based on the rise in the cost of living during the review period of twelve months ending with 30th June 1978. To qualify for increase a person in receipt of a pension must satisfy one of the qualifying conditions specified in section 3 of the 1971 Act (as amended by section 3(2) and (3) of the Pensions (Increase) Act 1974) or the pension must be a widow's pension.

For pensions (or deferred lump sums) which began on or before 1st July 1977 the increase (7.4%) is of the percentage by which the cost of living rose during the review period. For pensions (or deferred lump sums) which began in the six months following 1st July 1977, or in the six months following 1st January 1978, the increases (9.6% and 5.5% respectively) are of the percentage by which the cost of living at the end of the review period exceeded its mean level during the periods of six months ending 31st July 1977 and 31st January 1978 respectively.

The Order reproduces, in the Schedule, section 1 of the 1971 Act with the effect of the earlier Orders and this Order incorporated in it, so as to indicate the cumulative increases payable under the Act and the annual Orders.

The Order also provides, in article 4, for the payment, as a result of the review, of a supplementary increase of 3.8 per cent. on deferred lump sums which became payable in the six months ending 1st July 1978, but whose beginning date fell before 2nd January 1978. This increase is based, in accordance with section 9(4) of the 1971 Act, on the difference between the mean monthly figures for the cost of living for the six months ending 1st January 1978 and those for the six months ending 1st July 1978.