
STATUTORY INSTRUMENTS

1986 No. 1116

PENSIONS

The Pensions Increase (Review) Order 1986

<i>Made</i>	- - - -	<i>2nd July 1986</i>
<i>Laid before Parliament</i>		<i>4th July 1986</i>
<i>Coming into Operation</i>		<i>28th July 1986</i>

Whereas by virtue of section 23 of the Social Security Pensions Act 1975 a direction has been given⁽¹⁾ under section 124 of the Social Security Act 1975⁽²⁾ by the Secretary of State for Social Services that the sums mentioned in section 23(1)(b) 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⁽³⁾ and now vested in them⁽⁴⁾, 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 Pension Increase (Review) Order 1986 and shall come into operation on 28th July 1986.

Interpretation

2.—(1) In this Order—

“the 1971 Act” means the Pensions (Increase) Act 1971;

“the 1974 Act” means the Pension (Increase) Act 1974;

“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, the Pensions Increase (Annual Review) Order 1973, the Pensions Increase (Annual Review) Order 1974, the

(1) The direction is contained in S.I. 1986/1117

(2) 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. Section 124 was amended by Schedule 5, paragraph 10 to the Social Security Act 1985 (c.53).

(3) Section 59 was amended and section 59A was added by section 11 of the Social Security Act 1979 (c.18). Section 59 was further amended by Schedule 5, paragraph 33 to the Social Security Act 1985.

(4) S.I. 1981/1670.

Pensions Increase (Annual Review) Order 1975, the Pensions Increase (Annual Review) Order 1976, the Pensions Increase (Annual Review) Order 1977, the Pensions Increase (Annual Review) Order 1978, the Pensions Increase (Review) Order 1979, the Pensions Increase (Review) Order 1980, the Pensions Increase (Review) Order 1981, the Pensions Increase (Review) Order 1982, the Pensions Increase (Review) Order 1983, the Pensions Increase (Review) Order 1984 and the Pensions Increase (Review) Order 1985;

“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 28th July 1986 as follows:—

(1) a pension beginning before 25th November 1985 may be increased by 1.1 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 25th November 1985 and before 28th July 1986 may be increased by

1.1per centmultiplied byAB

where

(a) A is the number of complete months in the period between the beginning date of the pension and 28th July 1986, and

(b) B is 8.

Increases in certain lump sums

4. In respect of any lump sum or instalment of a lump sum which became payable before 28th July 1986 but after 24th November 1985 there may be paid an increase of

1.1per centofthe 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 byAB

where

(a) A is the number of complete months in the period between the beginning date for the lump sum or, if later, 25th November 1985 and the date on which it became payable; and

(b) B is 8.

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 28th July 1986, 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,

be reduced by an amount equal to the rate of the guaranteed minimum pension unless the Treasury⁽⁵⁾ shall, in accordance with the provisions of section 59A of the 1975 Act, otherwise direct.

2nd July 1986

T. Garell-Jones
Michael Neubert
Two of the Lords Commissioners of Her
Majesty's Treasury

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

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EXPLANATORY NOTE

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 of the Social Security Pensions Act 1975, increased the sums referred to in section 23(1)(b) of the 1975 Act. 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 their earnings after 5th April 1978.

For pensions which began before 25th November 1985 the increase is 1.1 per cent. For pensions which began on or after 25th November 1985 the increases are as follows:

	Pensions Beginning	Percentage Increase
25th November 1985		
to		
12th December 1985		1.10%
13th December 1985		
to		
12th January 1986		0.96%
13th January 1986		
to		
12th February 1986		0.83%
13th February 1986		
to		
12th March 1986		0.69%
13th March 1986		
to		
12th April 1986		0.55%
13th April 1986		
to		0.41%

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	Pensions Beginning	Percentage Increase
12th May 1986		
13th May 1986		
to		
12th June 1986		0.28%
13th June 1986		
to>		
12th July 1986		0.14%

Deferred lump sums beginning on or before 12th July 1986 and which become payable after 27th July 1986 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 after 24th November 1985 and before 28th July 1986.

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.