

1987 No. 1978

SOCIAL SECURITY

TERMS AND CONDITIONS OF EMPLOYMENT

The Social Security Benefits Up-rating (No.2) Order 1987

| | | |
|--|---------|---------------------------|
| <i>Made</i> | - - - - | <i>19th November 1987</i> |
| <i>Coming into force</i> | - | |
| <i>for the purposes of articles 1 and 9</i> | | <i>3rd April 1988</i> |
| <i>for the purposes of articles 8 and 11</i> | | <i>6th April 1988</i> |
| <i>for all other purposes</i> | | <i>11th April 1988</i> |

Whereas, the Secretary of State for Social Services having made a review under section 63(1) of the Social Security Act 1986(a), a draft of the following order was laid before Parliament in accordance with the provisions of section 63(2) and section 83(3)(d) of that Act and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State for Social Services, with the consent of the Treasury(b), in exercise of the powers conferred upon him by section 63 of the Social Security Act 1986, and of all other powers enabling him in that behalf, hereby makes the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Social Security Benefits Up-rating (No.2) Order 1987 and shall come into force for the purposes of articles 1 and 9 on 3rd April 1988, for the purposes of articles 8 and 11 on 6th April 1988 and for all other purposes on 11th April 1988.

(2) In this Order, unless the context otherwise requires—

“the 1975 Act” means the Social Security Act 1975(c);

“the 1986 Act” means the Social Security Act 1986; and

“the Pensions Act” means the Social Security Pensions Act 1975(d).

Alterations in rates or amounts of certain benefits under the 1975 Act

2.—(1) In this article, “Schedule 4” means Schedule 4 to the 1975 Act(e).

(a) 1986 c.50.

(b) See section 83(5) of the Social Security Act 1986.

(c) 1975 c.14.

(d) 1975 c.60.

(e) Schedule 4 was amended by section 21(1) and (2) of, and Schedules 4 and 5 to, the Child Benefit Act 1975 (c.61), section 22(2) of, and paragraphs 62 and 63 of Schedule 4 to, the Social Security Pensions Act 1975, paragraph 13 of Schedule 1 to the Social Security Act 1979 (c.18) and the Social Security Benefits Up-rating Order 1987 (S.I. 1987/45).

(2) The sums specified in paragraph (3) below shall be altered from and including the respective dates specified in article 4 below; and Schedule 4 shall accordingly have effect as set out in the Schedule to this Order.

(3) The sums mentioned in paragraph (2) above are the sums specified in Parts I, III, IV and V of Schedule 4 (contributory periodical benefits, non-contributory periodical benefits, increase of benefits for dependants and rates or amounts of industrial injuries benefits, respectively), except in Part III the sum specified for age addition.

Increase of rates or amounts of certain benefits under the Pensions Act

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

(2) In section 6(1)(a) of the Pensions Act (basic pension in a Category A retirement pension)—

(a) so far as the sum is relevant for the purpose of calculating under section 14(6) of the 1975 Act the rate of sickness benefit, for the sum of £37.85 there shall be substituted the sum of £39.45.

(b) except so far as mentioned in sub-paragraph (a) above, for the sum of £39.50 there shall be substituted the sum of £41.15.

(3) It is hereby directed that the sums which are the additional pensions in the rates of long-term benefits calculated by reference to any final relevant year earlier than the tax year 1987/1988 shall be increased by 4.2 per cent. of their amount apart from this Order.

(4) It is hereby directed that the sums payable by way of increases of retirement pensions under Schedule 1 to the Pensions Act (increase of pension where pensioner defers retirement) shall be increased by 4.2 per cent.

(5) It is hereby declared that an amount equal to 4.2 per cent. of the aggregate amount of the sums—

(a) payable by virtue of section 35(6) of the Pensions 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 36(3)); and

(b) payable to such a person as part of his Category A or Category B retirement pension by virtue of an order made under section 126A of the 1975 Act(a) or section 63 of the 1986 Act,

shall be payable by way of an increase of such a person's Category A or Category B retirement pension.

Dates on which sums specified for rates or amounts of benefit under the 1975 Act or the Pensions Act are altered by this Order

4.—(1) The alterations made by this Order in the sums specified for rates or amounts of benefit under the 1975 Act or the Pensions Act shall take effect for each case on the date specified in relation to such case in the following provisions of this article.

(2) In relation to the case of a person over pensionable age who has not retired from regular employment and for whom the rate of unemployment benefit, sickness benefit or invalidity pension falls to be calculated in accordance with section 14(6) or 15(4) of the 1975 Act(b), the increases in the sums mentioned in articles 2, 3 and 6 for Category A and B retirement pension and graduated retirement benefit (together with, where appropriate, increases for dependants) shall take effect on 14th April 1988 and in relation to all other cases the increases in such sums shall take effect on 11th April 1988.

(3) The increase mentioned in article 3(5) shall take effect on 11th April 1988.

(a) Section 126A was inserted by section 12 of the Social Security Act 1979 (c.18) and repealed by the Social Security Act 1986, section 86, Schedule 11.

(b) Section 14(6) is amended by the Social Security Pensions Act 1975 (c.60), section 65(1), Schedule 4, paragraph 39(b), and the Social Security Act 1979 (c.18), section 21(4), Schedule 3, paragraph 6; and section 15(4) is amended by the Social Security Pensions Act 1975, section 65(1), Schedule 4, paragraph 40(c) and the Social Security Act 1979, section 21(4), Schedule 3, paragraph 7.

(4) The alterations in the amounts of maternity allowance, widow's allowance(a), widowed mother's allowance, widow's pension, Category C and D retirement pension, child's special allowance(b), attendance allowance, invalid care allowance (except in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday), guardian's allowance and industrial death benefit by way of widow's and widower's pension and allowance in respect of children (together with, where appropriate, increases for dependants) shall in all cases take effect on 11th April 1988.

(5) The sums specified for the rate of mobility allowance, invalid care allowance (in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday), disablement benefit (together with increases of disablement pension), maximum disablement gratuity under section 57(5) of the 1975 Act(c), increase of unemployability supplement under section 59 of the 1975 Act(d) and maximum, under section 91(1) of the 1975 Act, of the aggregate of weekly benefit payable for successive accidents, shall be increased in all cases with effect from 13th April 1988.

(6) In relation to the case of a person whose weekly rate of Category A or B retirement pension falls to be increased under the provisions of section 28(7) or 29(8) of the 1975 Act(e) by reference to the weekly rate of invalidity allowance to which he was previously entitled, the increase in the sum specified for the appropriate rate of invalidity allowance shall take effect on 11th April 1988 and in relation to all other cases the increase in such sum shall take effect on 14th April 1988.

(7) The alterations in the rates or amounts of unemployment and sickness benefit, invalidity pension and severe disablement allowance (together with, where appropriate, increase for dependants), shall take effect in all cases on 14th April 1988.

Increase in rates of certain benefits under the Industrial Injuries and Diseases (Old Cases) Act 1975

5. In the Industrial Injuries and Diseases (Old Cases) Act 1975(f) the sum of £23.75 referred to in section 2(6)(c) (maximum weekly rate of lesser incapacity allowance supplementing workmen's compensation) and section 7(2)(b) (industrial diseases benefit schemes: weekly rate of allowance payable where disablement is not total) shall be further increased; and from and including 13th April 1988 the reference to that sum in section 2(6)(c), and from and including 14th April 1988 the reference to that sum in section 7(2)(b), shall accordingly have effect as references to £24.75.

Increase in rate of graduated retirement benefit and increments thereof

6.—(1) In the National Insurance Act 1965(g) the sum of 5.17 pence referred to in section 36(1) (graduated retirement benefit) shall be increased by 4.2 per cent.; and from and including 11th April 1988 the reference in that provision to that sum shall accordingly have effect as a reference to 5.39 pence.

(2) It is hereby directed that the aggregate amount of any increases of graduated retirement benefit payable under Schedule 2 to the Social Security (Graduated Retirement Benefit) (No.2) Regulations 1978(h) (increases for deferred retirement) shall be increased by 4.2 per cent.

(a) Widow's allowance is replaced as from 11th April 1988 by widow's payment (section 36(1) and (2) of the Social Security Act 1986 (c.50)) except in the case of widows whose husbands died before that date (regulation 2 of S.I. 1987/1692).

(b) Child's special allowance is abolished except for existing beneficiaries as from 6th April 1987 (section 40 of the Social Security Act 1986).

(c) Repealed by the Social Security Act 1986 (c.50), section 86, Schedule 11; but saved in certain circumstances by S.I. 1986/1561, regulation 13.

(d) Repealed, except for existing beneficiaries, by the Social Security Act 1986; see section 39, Schedule 3, paragraph 4.

(e) Section 28(7) is amended by the Social Security (No.2) Act 1980 (c.39), section 3(3).

(f) 1975 c.16. Sections 2(6)(c) and 7(2)(b) were amended by the Social Security Benefits Up-rating Order 1987 (S.I. 1987/45).

(g) 1965 c.51. Section 36 was repealed by the Social Security Act 1973 (c.38) but subsection (1) is now 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 the Schedule to those Regulations as amended by article 6 of the Social Security Benefits Up-rating Order 1987 (S.I. 1987/45).

(h) S.I. 1978/393.

Sum specified for child benefit

7. In regulation 2 of the Child Benefit and Social Security (Fixing and Adjustment of Rates) Regulations 1976(a) (weekly rates of child benefit)—

(a) in paragraph (1), the sum specified is £7.25; and

(b) in paragraph (2), the sum specified shall be increased from £4.70 to £4.90.

Statutory Sick Pay

8.—(1) The sums specified in section 7(1) of the Social Security and Housing Benefits Act 1982(b) (relationship between rates of payment of statutory sick pay and employees' normal weekly earnings) shall be increased in accordance with the provisions of this article with effect from 6th April 1988.

(2) The sums specified in section 7(1)(a) shall be increased from £47.20 and £76.50 to £49.20 and £79.50 respectively.

(3) The sum specified in section 7(1)(b) shall be increased from £32.85 to £34.25.

Statutory Maternity Pay

9. The sum specified in regulation 6 of the Statutory Maternity Pay (General) Regulations 1986(c) (lower rate of statutory maternity pay) shall be increased from £32.85 to £34.25 with effect from 3rd April 1988.

Earnings Limits

10.—(1) The sum specified in subsection (1) of section 30 of the 1975 Act is £75 and the sums specified—

(a) in paragraph (a) of that subsection, are £4, 5 pence and 10 pence respectively, and

(b) in paragraph (b) of that subsection, are £4, 5 pence, 10 pence, £4, 5 pence and 5 pence respectively.

(2) The sums specified in section 41(2B) of the 1975 Act(d) (earnings limits for child dependency increases) shall be increased from £85, £10 and £85 to £90, £11 and £90 respectively.

Transitional provision

11. Where in relation to statutory sick pay a period of entitlement as between an employer and an employee is running at 6th April 1988 and the employee's normal weekly earnings under the contract of service with that employer are not less than, or treated for the purpose of section 7(1) of the Social Security and Housing Benefits Act 1982 as not less than £76.50, they shall be treated as not less than £79.50 for the remainder of that period.

Revocations

12. The Social Security Benefits Up-rating Order 1987(e) is hereby revoked.

Signed by authority of the Secretary of State for Social Services.

16th November 1987

Skelmersdale
Parliamentary Under-Secretary of State,
Department of Health and Social Security

19th November 1987

Two of the Lords Commissioners of Her Majesty's Treasury

(a) S.I. 1976/1267; the relevant amending instruments are S.I. 1977/1328, 1980/110, 1985/1243, 1986/1172 and 1987/45.

(b) 1982 c.24; section 7(1) was substituted by regulation 2 of the Statutory Sick Pay (Rate of Payment) Regulations 1987 (S.I. 1987/33).

(c) S.I. 1986/1960.

(d) Section 41(2B) was inserted by the Health and Social Security Act 1984 (c.48), section 13, Schedule 5, paragraph 3(c).

(e) S.I. 1987/45.

SCHEDULE

Article 2(2)

SCHEDULE 4 TO THE 1975 ACT AS AMENDED BY THIS ORDER

SCHEDULE 4

RATES OF BENEFITS, GRANTS AND INCREASES FOR DEPENDANTS

PART I

CONTRIBUTORY PERIODICAL BENEFITS (SECTIONS 14–31)

| <i>Description of benefit</i> | <i>Weekly rate</i> |
|---|--|
| 1. Unemployment or sickness benefit (section 14). | (a) unemployment benefit £32.75. (b) sickness benefit £31.30. |
| 3. Invalidity allowance (section 16). | (a) higher rate £ 8.65. (b) middle rate £ 5.50. (c) lower rate £ 2.75. (the appropriate rate being determined in accordance with section 16(2)(a)). |
| 4. Maternity allowance (section 22). | £31.30. |
| 5. Widow's allowance (section 24). | £57.65. |
| 9. Category B retirement pension where section 29(7)(a)(i) applies. | £24.75. |
| 10. Child's special allowance (section 31). | £ 8.40. |

PART 1A(b)

WIDOW'S PAYMENT

Widow's payment (section 24) £1,000.00

PART III

NON-CONTRIBUTORY PERIODICAL BENEFITS (SECTIONS 34–40)

| <i>Description of benefit</i> | <i>Weekly rate</i> |
|---|---|
| 1. Attendance allowance (section 35). | (a) higher rate £32.95. (b) lower rate £22.00. (the appropriate rate being determined in accordance with section 35(3)(c)). |
| 2. Severe disablement allowance (section 36). | £24.75. |
| 3. Invalid care allowance (section 37). | £24.75. |
| 3A. Mobility allowance (section 37A). | £23.05 |

(a) Section 16(2) was amended by paragraph 10 of Schedule 1 to the Social Security Act 1979.

(b) Part 1A is inserted in Schedule 4 as from 11th April 1988 by section 36(2) of the Social Security Act 1986 (c.50); S.I. 1987/1096, Article 2(4), Schedule.

(c) Section 35(3) was amended by section 2(4) of the Social Security Act 1979.

SCHEDULE 4: Part III – *continued*

| <i>Description of benefit</i> | <i>Weekly rate</i> |
|---|--|
| 4. Guardian's allowance (section 38). | £ 8.40. |
| 5. Category C retirement pension (section 39). | (a) lower rate £14.80. (b) higher rate £24.75. (the appropriate rate being determined in accordance with section 39(2)). |
| 5A. Category D retirement pension (section 39)(a). | The higher rate for Category C retirement pension under paragraph 5 above. |
| 6. Age addition (to a pension of any category, and otherwise under section 40). | £ 0.25. |

PART IV

INCREASES FOR DEPENDANTS (SECTIONS 41–49)

| <i>Benefit to which increase applies</i> (1) | <i>Increase for qualifying child</i> (2) | <i>Increase for adult dependant</i> (3) |
|--|---|--|
| | £ | £ |
| 1. Unemployment or sickness benefit— | | |
| (a) unemployment benefit, where the beneficiary is under pensionable age | — | 20.20 |
| (b) unemployment benefit, where the beneficiary is over pensionable age | 8.40 | 24.75 |
| (c) sickness benefit, where the beneficiary is under pensionable age | — | 19.40 |
| (d) sickness benefit, where the beneficiary is over pensionable age | 8.40 | 23.65 |
| 2. Invalidity pension | 8.40 | 24.75 |
| 3. Maternity allowance | — | 19.40 |
| 4. Widow's allowance | 8.40 | — |
| 5. Widowed mother's allowance | 8.40 | — |
| 6. Category A or B retirement pension | 8.40 | 24.75 |
| 7. Category C retirement pension | 8.40 | 14.80 |
| 8. Child's special allowance | 8.40 | — |
| 9. Severe disablement allowance | 8.40 | 14.80 |
| 10. Invalid care allowance | 8.40 | 14.80 |

(a) Paragraph 5A was inserted by section 12(2) of the Social Security Act 1985 (c.53).

PART V

RATE OR AMOUNT OF INDUSTRIAL INJURIES BENEFIT

| <i>Description of benefit, etc.</i> | <i>Rate or amount</i> |
|--|--|
| 2. Maximum disablement gratuity under section 57(5). | £4,470.00 |
| 3. Disablement pension under section 57(6) (weekly rates). | For the several degrees of disablement set out in column (1) of the following Table, the respective amounts in that Table using— (a) column (2) for any period during which the beneficiary is over the age of 18 or is entitled to an increase of benefit in respect of a child or adult dependant; (b) column (3) for any period during which the beneficiary is not over the age of 18 and not so entitled; |

Table

| <i>Degree of disablement</i> | <i>Amount</i> | |
|------------------------------|---------------|----------|
| (1) Per cent. | (2) £ | (3) £ |
| 100 | 67.20 | 41.15 |
| 90 | 60.48 | 37.04 |
| 80 | 53.76 | 32.92 |
| 70 | 47.04 | 28.81 |
| 60 | 40.32 | 24.69 |
| 50 | 33.60 | 20.58 |
| 40 | 26.88 | 16.46 |
| 30 | 20.16 | 12.35 |
| 20 | 13.44 | 8.23 |

| | |
|---|---|
| 4. Unemployability supplement under section 58 (increase of weekly rate of disablement pension). | £41.15. |
| 5. Increase under section 59 of weekly rate of unemployability supplement (early onset of incapacity for work). | (a) if on the qualifying date the beneficiary was under the age of 35, or if that date fell before 5th July 1948 £8.65. (aa) if head (a) above does not apply and on the qualifying date the beneficiary was under the age of 40 and he had not attained pensionable age before 6th April 1979 £8.65. (b) if heads (a) and (aa) above do not apply and on the qualifying date the beneficiary was under the age of 45 £5.50. (bb) if heads (a), (aa) and (b) above do not apply and on the qualifying date the beneficiary was under the age of 50 and had not attained pensionable age before 6th April 1979 £5.50. (c) in any other case £2.75. |
| 7. Maximum increase under section 61 of weekly rate of disablement pension where constant attendance needed. | (a) except in cases of exceptionally severe disablement £26.90. (b) in any case £53.80. |

SCHEDULE 4: Part V – *continued*

| <i>Description of benefit etc.</i> | <i>Rate or amount</i> |
|--|--|
| 8. Increase under section 63 of weekly rate of disablement pension (exceptionally severe disablement). | £26.90 |
| 10. Increase under section 64 of weekly rate of disablement pension (dependent children). | £ 8.40 |
| 12. Increase under section 66(2) of weekly rate of disablement pension (adult dependant). | £24.75 |
| 13. Widow's pension under section 68 (weekly rates)– | |
| (a) initial rate | £57.65. |
| (b) higher permanent rate | £41.70. |
| (c) lower permanent rate | 30 per cent. of the sum specified in section 6(1)(a) of the Pensions Act. |
| 14. Widower's pension under section 69 (weekly rate). | £41.70. |
| 15. Weekly rate of allowance under section 70 in respect of children. | In respect of each qualifying child£8.40. |
| 16. Maximum under section 91(1) of aggregate of weekly benefit payable for successive accidents. | (a) for any period during which the beneficiary is over the age of 18 or is entitled to an increase in benefit in respect of a child or adult dependant £67.20. (b) for any period during which the beneficiary is not over the age of 18 and not so entitled £41.15. |

EXPLANATORY NOTE

(This note is not part of the Order)

This Order, a draft of which has been laid before and approved by resolution of each House of Parliament, is made as a consequence of a review under section 63(1) of the Social Security Act 1986. It alters, with effect from dates in the week beginning 11th April 1988 which are specified in articles 4 to 6, the rates and amounts of certain benefits and other sums. The rates of statutory maternity pay and statutory sick pay are also altered.

Article 2 alters the benefits and increases of benefit (except age addition) specified in Parts I, III, IV and V of Schedule 4 to that Act; article 3 increases the rates and amounts of certain benefits under Part II of the Social Security Pensions Act 1975 (including increases of Category A or B retirement pension payable by reference to the increases of increments in guaranteed minimum pensions payable by virtue of section 35(6) of that Act); article 4 specifies the dates from which the rates or amounts of benefits are altered; article 5 increases the rates laid down in the Industrial Injuries and Diseases (Old Cases)

Act 1975 for the maximum weekly rate of lesser incapacity allowance supplementing workmen's compensation and the weekly rate of allowance under the Industrial Diseases Benefit Schemes where disablement is not total; article 6 increases the rate of graduated retirement pension under the National Insurance Act 1965; article 7 provides for the weekly rate of one-parent benefit to be increased; article 8 increases the weekly rates of statutory sick pay payable as from 6th April 1988 under section 7(1) of the Social Security and Housing Benefits Act 1982; article 9 increases the lower rate of statutory maternity pay and article 10 specifies earnings limits for retirement pensions and child dependency increases. Article 11 is a transitional provision relating to statutory sick pay.

In accordance with section 63(11) of the Social Security Act 1986, a copy of the report of the Government Actuary (Cm. 243) giving his opinion on the likely effect on the National Insurance Fund of the making of this Order was laid before Parliament with the draft Order.