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## EXPLANATORY NOTE

*(This note is not part of the Order)*

Under section 59 of the Social Security Pensions Act 1975 as amended, and as modified by section 59A of that 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. Under section 59(7) of the 1975 Act, section 59 of that Act has effect as if it were contained in the Pensions (Increase) Act 1971. Section 9(2)(c) of the 1971 Act provides that references to the “rate” of pension shall have effect as references also to the amount of a lump sum benefit. The increase is the percentage (or in some circumstances a fraction of the percentage) by which the Secretary of State for Work and Pensions has, by direction given under the provisions of section 151(1) of the Social Security Administration Act 1992, increased the sums referred to in section 150(1)(c) of that Act. These are the sums which are the additional pensions in long term benefits, namely the additional pension entitlements accruing to employees in respect of earnings after 5th April 1978.

For pensions which began before 12th April 2004 the increase is 3.1 per cent. For pensions which began on or after 12th April 2004 the increases are as follows—

<b>Pensions Beginning</b>	<b>Percentage Increase</b>	<b>Pensions Beginning</b>	<b>Percentage Increase</b>
12th April 2004 to 26th April 2004	3.1%	27th September 2004 to 26th October 2004	1.55%
27th April 2004 to 26th May 2004	2.84%	27th October 2004 to 26th November 2004	1.29%
27th May 2004 to 26th June 2004	2.58%	27th November 2004 to 26th December 2004	1.03%
27th June 2004 to 26th July 2004	2.33%	27th December 2004 to 26th January 2005	0.78%
27th July 2004 to 26th August 2004	2.07%	27th January 2005 to 26th February 2005	0.52%
27th August 2004 to 26th September 2004	1.81%	27th February 2005 to 26th March 2005	0.26%

Article 4 of the Order provides for increases on certain deferred lump sums which became payable on or after 12th April 2004 and before 11th April 2005.

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. However by virtue of section 59A of that Act and the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981 the Treasury are 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. Section 59(5ZA) was inserted into section 59 by section 5 of the Pensions (Miscellaneous Provisions) Act 1990. This applies section 59(5) to a widow’s or widower’s pension.