

2012 No. 187

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 2012

Made - - - - 26th January 2012

Laid before Parliament 31st January 2012

Coming into force - - 6th April 2012

In accordance with section 148(2) (revaluation of earnings factors) of the Social Security Administration Act 1992(a), the Secretary of State has reviewed the general level of earnings obtaining in Great Britain.

The Secretary of State has concluded, having regard to earlier orders made under section 148(b), that earnings factors(c) for the relevant tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings.

The Secretary of State makes the following Order in exercise of the powers conferred upon him by section 148(3) and (4) and section 189(1), (4) and (5) of the Social Security Administration Act 1992(d).

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 2012 and shall come into force on 6th April 2012.

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- (a) 1992 c. 5. Section 148 was amended by paragraph 27 of Schedule 8 to the Pension Schemes Act 1993 (c. 48) and by section 37 of the Child Support, Pensions and Social Security Act 2000 (c. 19).
- (b) The earlier orders are: S.I. 1979/832, 1980/728, 1981/598, 1982/607, 1983/655, 1984/581, 1985/688, 1986/809, 1987/861, 1988/867, 1989/805, 1990/1412, 1991/1108, 1992/1102, 1993/1159, 1994/1105, 1995/1070, 1996/1133, 1997/1117, 1998/1137, 1999/1235, 2000/1365, 2001/631, 2002/519, 2003/517, 2004/262, 2005/216, 2006/496, 2007/781, 2008/730, 2009/608, 2010/470 and 2011/475. Section 148(7)(b) of the Social Security Administration Act 1992 (c. 5) provides that orders under section 21 (revaluation of earnings factors) of the Social Security Pensions Act 1975 (c. 60) are to be treated as orders under section 148.
- (c) See sections 22 and 23 of the Social Security Contributions and Benefits Act 1992 (c. 4). Section 22 was amended by paragraph 22 of Schedule 2 to the Jobseekers Act 1995 (c. 18), paragraph 61 of Schedule 7 to the Social Security Act 1998 (c. 14), section 30(1) of the Child Support, Pensions and Social Security Act 2000 (c. 19), paragraph 7 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19), section 12(1) of, and paragraphs 9 and 33 of Schedule 1 to, the Pensions Act 2007 (c. 22), paragraph 9(1), (3) and (4) of Schedule 3 to the Welfare Reform Act 2007 (c. 5) and section 3(2) of, and paragraph 2 of Schedule 1 to, the National Insurance Contributions Act 2008 (c. 16). Section 23 was amended by paragraph 36 of Schedule 8 to the Pension Schemes Act 1993 (c.48), section 134(1) of the Pensions Act 1995 (c. 26), paragraph 8 of Schedule 1 to the National Insurance Contributions Act 2002 (c. 19) and paragraph 3(2) and 3(3) of Schedule 1 to the National Insurance Contributions Act 2008 (c. 16). See also sections 45B(6), 55A(5) and 55B(6) of the Social Security Contributions and Benefits Act 1992 (c. 4), inserted by paragraphs 2 and 3 of Schedule 6 to the Welfare Reform and Pensions Act 1999 (c. 30), under which state scheme pension debits and credits are to be increased by reference to percentage figures specified in orders under section 148 of the Social Security Administration Act 1992 (c. 5).
- (d) Relevant amendments to section 189 of the Social Security Administration Act 1992 (c. 5) are by paragraph 109 of Schedule 7 to the Social Security Act 1998 (c. 14), paragraph 57(1) and (2) of Schedule 3 to the Social Security Contributions (Transfer of Functions, etc.) Act 1999 (c. 2) and by Schedule 6 to the Tax Credits Act 2002 (c. 21).

Revaluation of earnings factors

2. The earnings factors for tax years specified in the Schedule to this Order in so far as they are relevant—

- (a) to the calculation—
 - (i) of the additional pension in the rate of any long-term benefit, or
 - (ii) of any guaranteed minimum pension^(a); or
- (b) to any other calculation required under Part 3 of the Pension Schemes Act 1993^(b) (including that Part as modified by or under any other enactment),

are directed to be increased for those tax years by the percentage of their amount shown opposite those tax years in that Schedule.

Rounding of fractional amounts

3. Where any earnings factor relevant to the calculation specified in article 2(a)(i) of this Order, as increased in accordance with this Order, would not but for this article be expressed as a whole number of pounds, it shall be so expressed by rounding down any fraction of a pound less than one half and rounding up any other fraction of a pound.

Signed by authority of the Secretary of State for Work and Pensions.

Steve Webb
Minister of State,
Department of Work and Pensions

26th January 2012

(a) Earnings factors for any tax year after 1996-97 are not relevant to the calculation of any guaranteed minimum pension: section 14(8) of the Pension Schemes Act 1993 (c. 48) as amended by paragraph 27(b) of Schedule 5 to the Pensions Act 1995 (c. 26).

(b) 1993 c. 48.

SCHEDULE

Article 2

Percentage increase of earnings factor for specified tax years

<i>Tax year</i>	<i>Percentage increase</i>
1978-1979	719.5
1979-1980	623.3
1980-1981	504.3
1981-1982	406.1
1982-1983	359.6
1983-1984	326.8
1984-1985	295.2
1985-1986	270.7
1986-1987	240.4
1987-1988	217.0
1988-1989	191.6
1989-1990	163.2
1990-1991	145.3
1991-1992	122.8
1992-1993	109.2
1993-1994	99.2
1994-1995	93.2
1995-1996	85.1
1996-1997	80.0
1997-1998	71.5
1998-1999	63.9
1999-2000	57.3
2000-2001	48.0
2001-2002	42.3
2002-2003	36.4
2003-2004	31.7
2004-2005	26.9
2005-2006	21.9
2006-2007	17.9
2007-2008	13.2
2008-2009	8.7
2009-2010	5.4
2010-2011	4.1
2011-2012	1.8

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made following a review under section 148 (reevaluation of earnings factors) of the Social Security Administration Act 1992 (c. 5).

This Order directs that the earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit or of any guaranteed minimum pension, or to any other calculation required under Part 3 of the Pension Schemes Act 1993 (c. 48), are to be increased for the tax years specified in the Schedule to the Order by the percentage of their amount specified in that Schedule.

The percentages specified in this Order for the tax years from and including 2000 – 2001 are also relevant for the purposes of revaluing state scheme pension debits and credits in accordance with sections 45B(6), 55A(5) and 55B(6) of the Social Security Contributions and Benefits Act 1992 (c. 4).

The percentage for the tax year 2011 – 2012 is 1.8%. The percentages for earlier tax years have been increased so that the earnings factors for those years are revalued at 2011 – 2012 earning levels.

This Order also provides for rounding fractional amounts for earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit. By virtue of section 23(2) of the Social Security Contributions and Benefits Act 1992 (c. 4), rounding is not required for the purpose of the calculation of any guaranteed minimum pension.

A full impact assessment has not been produced for this instrument as it has no impact on the private sector or civil society organisations.

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£4.00

E2390 01/2012 122390T 19585

ISBN 978-0-11-151955-4



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