STATUTORY INSTRUMENTS

1988 No. 867

SOCIAL SECURITY

The Social Security Revaluation of Earnings Factors Order 1988

Made - - - -	*11th May 1988*
Laid before Parliament	*18th May 1988*
Coming into force -	*8th June 1988*

The Secretary of State for Social Services, in exercise of the powers conferred upon him by section 21 of the Social Security Pensions Act 1975(a) and of all other powers enabling him in that behalf, having on a review under the said section 21 concluded, having had regard to earlier Orders under that section(b), that earnings factors(c) for the relevant previous tax years have not, during the period taken into account for that review, maintained their value in relation to the general level of earnings obtaining in Great Britain, hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Social Security Revaluation of Earnings Factors Order 1988 and shall come into force on 8th June 1988.

Revaluation of earnings factors

2. The earnings factors relevant–

(a) to the calculation–

(i) of the additional pension(d) in the rate of any long-term benefit; or

(ii) of any guaranteed minimum pension; or

(b) to any other calculation required under Part III of the Social Security Pensions Act 1975 (including that Part as modified by or under any other enactment),

are directed to be increased for the tax years specified in the Schedule hereto by the percentage of their amount shown opposite the said tax years in the said 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 the rounding down of any fraction of a pound less than one half and the rounding up of any other fraction of a pound.

(a) 1975 c.60; section 21 was amended by the Social Security Act 1979 (c.18), section 10, the Social Security Act 1980 (c.30), section 3(3) and Schedule 5, and the Social Security Act 1985 (c.53), section 4 and Schedule 3, paragraphs 1 and 7.

(b) S.I. 1979/832, 1980/728, 1981/598, 1982/607, 1983/655, 1984/581, 1985/688, 1986/809, 1987/861.

(c) *See* section 13(5) and section 13(5ZA) of the Social Security Act 1975 (c.14). Section 13(5) was amended by, and section 13(5ZA) inserted by, the Social Security Act 1988 (c.7), section 9 and Schedule 2, paragraph 1.

(d) *See* section 18(1) of the Social Security Act 1986 (c.50).

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

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

11th May 1988

SCHEDULE

Article 2

Tax year	*Increase*
1978–79	181.2
1979–80	148.1
1980–81	107.3
1981–82	73.6
1982–83	57.7
1983–84	46.4
1984–85	35.6
1985–86	27.2
1986–87	16.8
1987–88	8.7

EXPLANATORY NOTE

(This note is not part of the Order)

This Order is made consequent upon a review under section 21 of the Social Security Pensions Act 1975 ("the Pensions Act"), which provides for the revaluation of earnings factors so that they maintain their value in relation to the general level of earnings obtaining in Great Britain.

The 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 III of the Pensions Act for the tax years specified in the Schedule to the Order are to be increased by the percentage of their amount specified in that Schedule. The percentage for the tax year 1987–88 has been fixed at 8.7 per cent; those for earlier years have also been increased.

The Order also provides for the rounding of fractional amounts for earnings factors relevant to the calculation of the additional pension in the rate of any long-term benefit. Rounding for the purpose of calculation of any guaranteed minimum pension is not required since 6 April 1979 in virtue of the amendments to section 13 of the Social Security Act 1975 and section 35(5) of the Pensions Act effected by Part I of Schedule 2 to the Social Security Act 1988.

For the purpose of certain occupational pension schemes which are contracted-out under Part III of the Pensions Act, the increases made by this Order are applied, by sections 35(5) and 41C(4A), to the earnings factor used in calculating an earner's guaranteed minimum pension and by sections 44(6)(*a*) and 45(3)(*a*) for the purpose of determining the amount of any state scheme premium.

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