Draft Order laid before Parliament under sections 150(2) and 190(1)(a) of the Social Security Administration Act 1992 for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2002 No.

SOCIAL SECURITY
TERMS AND CONDITIONS OF EMPLOYMENT

The Social Security Benefits Up-rating Order 2002

Made - - - - 2002
Coming into force in accordance with article 1(2)

Whereas, the Secretary of State for Work and Pensions having made a review under section 150(1) of the Social Security Administration Act 1992(**1**), a draft of the following Order was laid before Parliament in accordance with the provisions of sections 150(2) and 190(1)(a) of that Act and approved by resolution of each House of Parliament;

Now, therefore, the Secretary of State for Work and Pensions, with the consent of the Treasury(**2**), in exercise of the powers conferred by sections 150, 151 and 189(1), (3), (4) and (5) of the Social Security Administration Act 1992, and of all other powers enabling him in that behalf, hereby makes the following Order:

PART I
INTRODUCTION

Citation and commencement

1.—(1) This Order may be cited as the Social Security Benefits Up-rating Order 2002.

(2) Subject to paragraphs (3) to (5) of this article, this Order shall come into force for the purposes of—

(a) articles 1, 2, 6, 19, 20 and 24 on 1st April 2002;

(**1**) 1992 c. 5. Section 150 was amended by paragraph 28 of Schedule 8 to the Pension Schemes Act 1993 (c. 48) ("the 1993 Act"), sections 2(3) and 9(4) of the Social Security (Incapacity for Work) Act 1994 (c. 18) (" the 1994 Act"), paragraph 64 of Schedule 2 to the Jobseekers Act 1995 (c. 18) ("the 1995 Act"), section 131(2) of the Pensions Act 1995 (c. 26) and paragraph 24 of Schedule 12 to the Welfare Reform and Pensions Act 1999 (c. 30) ("the 1999 Act"). *See* also section 4(8) of the 1994 Act and regulation 18(3) of the Social Security (Incapacity Benefit) (Transitional) Regulations 1995 (S.I. 1995/310).

(**2**) *See* section 189(8) of the Social Security Administration Act 1992 (c. 5) ("the Administration Act").

(b) article 8, in so far as it relates to a particular beneficiary, on the first day of the first benefit week to commence for that beneficiary on or after 1st April 2002, and for the purpose of this sub-paragraph, "benefit week" has the same meaning as in the Computation of Earnings Regulations;

(c) articles 3 to 5, 7 and 11 to 13, on 8th April 2002;

(d) article 9, on 6th April 2002;

(e) article 10, on 7th April 2002, except for the purpose of determining the rate of maternity allowance in accordance with section 35A(2) of the Contributions and Benefits Act(**3**), for which purpose it shall come into force on 8th April 2002;

(f) articles 14 and 15, on 11th April 2002;

(g) articles 16 to 18, in so far as they relate to a particular beneficiary, on the first day of the first benefit week to commence for that beneficiary on or after 8th April 2002, and for the purpose of this sub-paragraph, " benefit week" has the same meaning as in the Income Support Regulations;

(h) articles 21 to 23, in so far as they relate to a particular beneficiary, on the first day of the first benefit week to commence for that beneficiary on or after 8th April 2002, and for the purpose of this sub-paragraph, " benefit week" has the same meaning as in the Jobseeker's Allowance Regulations.

(3) The increases made—

(a) in the sums specified for rates or amounts of benefit under the Contributions and Benefits Act or the Pension Schemes Act; and

(b) by article 21(c) of this Order in so far as it is relevant for the purposes referred to in article 6(11) of this Order,

shall take effect for each case on the date specified in relation to that case in article 6 of this Order.

(4) Where, so far as it relates to any particular beneficiary, article 16 of this Order comes into force in accordance with article 1(2)(g) above on 8th April 2002, it shall come into force immediately after the coming into force of regulation 2(1) of the Social Security Amendment (Residential Care and Nursing Homes) Regulations 2001(**4**).

(5) Where, in so far as it relates to any particular beneficiaryi, article 22 of this Order comes into force in accordance with article 1(2)(h) above on 8th April 2002, it shall come into force immediately after regulation 2(2) of the Social Security Amendment (Residential Care and Nursing Homes) Regulations 2001.

Interpretation

2. In this Order—

"the Computation of Earnings Regulations" means the Social Security Benefit (Computation of Earnings) Regulations 1996(**5**);

"the Contributions and Benefits Act" means the Social Security Contributions and Benefits Act 1992(**6**);

(**3**) New requirements for State Maternity Allowance were introduced by section 53 of the 1999 Act (which amended section 35 of the Contributions and Benefits Act in respect of women expecting babies on or after 20th August 2000). The rate is linked with the lower rate of statutory maternity pay set out in S.I. 1986/1960.
(**4**) S.I. 2001/3767.
(**5**) S.I. 1996/2745.
(**6**) 1992 c. 4.

"the Council Tax Benefit Regulations" means the Council Tax Benefit (General) Regulations 1992(**7**);

"the Housing Benefit Regulations" means the Housing Benefit (General) Regulations 1987(**8**);

"the Income Support Regulations" means the Income Support (General) Regulations 1987(**9**);

"the Jobseeker's Allowance Regulations" means the Jobseeker's Allowance Regulations 1996(**10**); and

"the Pension Schemes Act" means the Pension Schemes Act 1993(**11**).

PART II

SOCIAL SECURITY BENEFITS AND PENSIONS

Increase in rates or amounts of certain benefits under the Contributions and Benefits Act

3.—(1) The sums specified in paragraph (2) below shall be increased from and including the respective dates specified in article 6 below so as to have effect as set out in Schedule 1 to this Order.

(2) The sums mentioned in paragraph (1) above are the sums specified—

(a) in Parts I, III, IV and V of Schedule 4 to the Contributions and Benefits Act (contributory periodical benefits, non-contributory periodical benefits, increases for dependants and rates of industrial injuries benefit), except in Part III the sum specified for age addition to a pension of any category; and

(b) otherwise under section 79 of that Act.

Increase in rates or amounts of certain pensions or allowances under the Contributions and Benefits Act

4.—(1) The sums specified in paragraphs (2) to (5) below shall be increased from and including the respective dates specified in article 6 below.

(2) The sums falling to be calculated under paragraph 13(4) of Schedule 7 to the Contributions and Benefits Act (calculation of weekly rate of a beneficiary's retirement allowance) shall be increased by 1.7 per cent. of their amount apart from this Order.

(3) In section 44(4) of the Contributions and Benefits Act(**12**) (basic pension in a Category A retirement pension)—

(a) for "£66.90", substitute "£68.05"; and

(b) for "£72.50", substitute "£75.50".

(4) It is hereby directed(**13**) that the sums which are—

(**7**) S.I. 1992/1814; the relevant amending instruments are S.I. 1993/688 and 2118, 1994/1924, 1996/462, 1510, 1803, 2518 and 2545, 1998/776 and 1541, 1999/2555, 2000/2239 and 2629 and 2001/207, 2980 and 3767.

(**8**) S.I. 1987/1971; the relevant amending instruments are S.I. 1988/1444, 1989/416 and 1017, 1990/546 and 1775, 1991/1599, 1992/50 and 1326, 1993/2118, 1994/578, 1996/462, 1803, 2432, 2518 and 2545, 1997/65, 1998/766 and 1541, 1999/2555, 2000/2239 and 2629 and 2001/2980 and 3767.

(**9**) S.I. 1987/1967; the relevant amending instruments are S.I. 1988/663, 910, 999, 1228, 1445 and 2022, 1989/534, 1034 and 1678, 1990/547, 1168, 1776 and 2324, 1991/544, 1992/50, 1326 and 3147, 1993/2119, 1994/527 and 2139, 1995/516, 1613, 2287 and 2927, 1996/206, 1803, 2431, 2518 and 2545, 1997/2197 and 2604, 1999/2555 and 3109, 2000/2239 and 2629 and 2001/207, 2980, 3721 and 3767.

(**10**) S.I. 1996/207; the relevant amending instruments are S.I. 1996/1516, 1517, 1803, 2518, 2538 and 2545, 1998/766, 1999/2555, 2000/1978, 2239 and 2629 and 2001/2239 and 2629.

(**11**) 1993 c. 48.

(**12**) Section 44(4) was substituted by section 68 of the Social Security Act 1998 (c. 14).

(**13**) *See* section 151(1) of the Administration Act.

(a) the additional pensions in long-term benefits calculated by reference to any final relevant year earlier than the tax year 2001–2002 shall be increased by 1.7 per cent. of their amount apart from this Order;

(b) the increases in the rates of retirement pensions under Schedule 5 to the Contributions and Benefits Act(**14**) (increase of pension where entitlement is deferred) shall be increased by 4.1 per cent. of their amount apart from this Order; and

(c) payable to a pensioner as part of his Category A or Category B retirement pension by virtue of an order made under section 126A of the Social Security Act 1975(**15**), section 63(1)(d) of the Social Security Act 1986(**16**) or section 150(2) of the Social Security Administration Act 1992(**17**) by virtue of section 150(1)(e) of that Act shall be increased by 1.7 per cent. of their amount apart from this Order.

(5) The sums which, under—

(a) section 55A of the Contributions and Benefits Act(**18**), are shared additional pensions;

(b) section 55C of the Contributions and Benefits Act(**19**), are increases in the rates of such pensions,

shall in each case be increased by 1.7 per cent. of their amount apart from this Order.

Increase in rates or amounts of certain benefits under the Pension Schemes Act

5.—(1) It is hereby directed(**20**) that the sums specified in paragraph (2) below shall be increased from and including the respective dates specified in article 6 below.

(2) Sums which are payable by virtue of section 15(1) of the Pension Schemes 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 17(2) and (3) of that Act), shall be increased by 1.7 per cent. of their amount apart from this Order where the increase under section 15(1) is attributable to earnings factors for the tax year 1987–88 and earlier tax years(**21**).

Dates on which sums specified for rates or amounts of benefits under the Contributions and Benefits Act or the Pension Schemes Act are increased by this Order

6.—(1) Paragraphs (2) to (9) of this article, which are subject to the provisions of paragraphs (10) and (11) below, specify the date on which the increases made by this Order in the sums specified for rates or amounts of benefit under the Contributions and Benefits Act or the Pension Schemes Act shall take effect for each case.

(2) Subject to paragraph (3) below, the increases in the sums mentioned in articles 3, 4 and 11 of this Order for Category A and Category B retirement pension and graduated retirement benefit together with, where appropriate, increases for dependants, shall take effect on 8th April 2002.

(**14**) Schedule 5 was amended by the 1993 Act, Schedule 8, paragraph 42; the 1994 Act, Schedule 1, paragraph 40; and the Pensions Act 1995, Schedule 4, paragraph 21 and Schedule 7.
(**15**) 1975 c. 14; section 126A was inserted by section 12 of the Social Security Act 1979 (c. 18) and repealed by the Social Security Act 1986 (c. 50), section 86, Schedule 11.
(**16**) 1986 c. 50. Section 63 was repealed by Schedule 1 to the Social Security (Consequential Provisions) Act 1992 (c. 6).
(**17**) 1992 c. 5.
(**18**) Section 55A was inserted by paragraph 3 of Schedule 6 to the 1999 Act.
(**19**) Section 55C was inserted by paragraph 3 of Schedule 6 to the 1999 Act.
(**20**) *See* section 151(2) of the Administration Act.
(**21**) *See* section 151(4) of the Administration Act. Under section 151(4) where an increment under section 15(1) of the 1993 Act is increased by an order under section 109 of that Act, the increase that would otherwise fall to be made by this Order is reduced by the amount of the increase under section 109. Section 109 of the 1993 Act was amended by section 55 of the Pensions Act 1995.

(3) In the case of a person—

(a) over pensionable age whose entitlement to a Category A retirement pension is deferred; and

(b) for whom the rate of short-term incapacity benefit falls to be calculated in accordance with section 30B(3) of the Contributions and Benefits Act(**22**),

the increases in the sums mentioned in articles 3, 4 and 11 of this Order for Category A and Category B retirement pension and graduated retirement benefit together with, where appropriate, increases for dependants, shall take effect on 11th April 2002.

(4) The increases in the sums mentioned in articles 4(4)(c) and 5(2) shall take effect on 8th April 2002.

(5) The increases in the sums specified for—

(a) the rate of—

(i) Category C and Category D retirement pension,

(ii) child's special allowance(**23**),

(iii) attendance allowance,

(iv) invalid care allowance (except in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday), and

(v) guardian's allowance; and

(b) the increases in—

(i) Category C retirement pension and invalid care allowance referred to in heads (i) and (v) of sub-paragraph (a) above, and

(ii) maternity allowance, widowed mother's allowance and widowed parent's allowance,

in respect of dependants;

shall in all cases take effect on 8th April 2002.

(6) The increases in the sums specified for—

(a) the rate of—

(i) invalid care allowance in a case where the Secretary of State has made arrangements for it to be paid on a Wednesday,

(ii) disablement benefit,

(iii) maximum disablement gratuity under paragraph 9(2) of Schedule 7 to the Contributions and Benefits Act,

(iv) industrial death benefit by way of widow's and widower's pension and allowance in respect of children, and

(v) the maximum of the aggregate of weekly benefit payable for successive accidents, under section 107(1) of the Contributions and Benefits Act; and

(b) the increases in—

(i) the benefits referred to in heads (i), (iii) and (iv) of sub-paragraph (a) above in respect of dependants, and

(ii) disablement pension,

(**22**) Section 30B was inserted by section 2(1) of the 1994 Act and amended by paragraph 21(3) of Schedule 4 to the Pensions Act 1995.

(**23**) Child's special allowance was abolished except for existing beneficiaries as from 6th April 1987 (*see* section 56 of the Contributions and Benefits Act).