

**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 10th April 2006 the increase is 3.6 per cent. For pensions which began on or after 10th April 2006 the increases are as follows—

Pensions Beginning	Pensions Increase
10th April 2006 to 24th April 2006	3.60%
25th April 2006 to 24th May 2006	3.30%
25th May 2006 to 24th June 2006	3.00%
25th June 2006 to 24th July 2006	2.70%
25th July 2006 to 24th August 2006	2.40%
25th August 2006 to 24th September 2006	2.10%
25th September 2006 to 24th October 2006	1.80%
25th October 2006 to 24th November 2006	1.50%
25th November 2006 to 24th December 2006	1.20%
25th December 2006 to 24th January 2007	0.90%
25th January 2007 to 24th February 2007	0.60%
25th February 2007 to 24th March 2007	0.30%

Article 4 of the Order provides for increases on certain deferred lump sums which became payable on or after 10th April 2006 and before 9th April 2007.

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.

