



Government
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Department

**Report by the Government Actuary on:
The draft Social Security Benefits Up-rating Order 2014;
The Welfare Benefits Up-rating Order 2014; and
The draft Social Security (Contributions) (Re-rating and
National Insurance Fund Payments) Order 2014**



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Presented to Parliament pursuant to 142(1), 150(8) and 150A(5) of the Social Security Administration Act 1992 as amended by the Social Security Contributions (Transfer of Functions, etc.) Act 1999 and section 1(4) of the Welfare Benefits Up-rating Act 2013.

January 2014

London: The Stationery Office

£16.00

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You can download this publication from www.gov.uk/gad

ISBN: 9780108560224

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2618653 01/14 36532 19585

Printed on paper containing 75% recycled fibre content minimum.



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To: The Right Hon. Iain Duncan Smith MP, Secretary of State for Work and Pensions
David Gauke MP, Exchequer Secretary to the Treasury

I am pleased to present my report on the potential effects on the National Insurance Fund of the draft Social Security Benefits Up-rating Order 2014; the draft Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 2014 and the Welfare Benefits Up-rating Order 2014.

This report is made in accordance with sections 142(1), 150(8) and 150A(5) of the Social Security Administration Act 1992, as amended by the Social Security Contributions (Transfer of Functions, etc.) Act 1999 and section 1(4) of the Welfare Benefits Up-rating Act 2013.

This report also includes the potential effect on the National Insurance Fund of the proposed changes in the draft Social Security (Contributions) (Limits and Thresholds) (Amendment) Regulations 2014.

Trevor Llanwarne
Government Actuary
January 2014



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1 Executive summary

Legislative requirements

- 1.1 This report has been prepared under sections 142(1), 150(8) and 150A(5) of the Social Security Administration Act 1992 (SSAA 92) and section 1(4) of the Welfare Benefits Up-rating Act 2013. It considers the potential effect on the National Insurance Fund (the Fund) of:
- > the draft Social Security Benefits Up-rating Order 2014 (the Up-rating Order)
 - > the draft Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 2014 (the Re-rating and National Insurance Fund Payments Order)
 - > the Welfare Benefits Up-rating Order 2014.
- 1.2 This report also includes the potential effect on the Fund of:
- > the draft Social Security (Contributions) (Limits and Thresholds) (Amendment) Regulations 2014 (the Limits and Thresholds Regulations).
- 1.3 This report is required to be laid by the Secretary of State for Work and Pensions before Parliament under sections 150(8) and 150A(5) of SSAA 92 and section 1(4) of the Welfare Benefits Up-rating Act 2013 in respect of the Up-rating Order and Welfare Benefits Up-rating Order, and by HM Treasury under section 142(1) of SSAA 92 in respect of the Re-rating and National Insurance Fund Payments Order.
- 1.4 This report is confined to the National Insurance Fund in Great Britain. It does not consider the separate Northern Ireland National Insurance Fund.

Results for 2013-14

- 1.5 The updated estimates of benefit payments and contribution receipts in 2013-14 allowing for the Up-rating, Re-rating and changes to limits and thresholds set out in the 2013 Up-rating report are:

Table 1.1 – Comparison of current and previous 2013-14 estimates

£ billion	This review	Last year's estimates
Contribution receipts	81.1	83.2
Benefit payments	89.2	88.7
Fund size as at 31 March 2014	22.0	27.0
Fund size as at 31 March 2014 (as a % of benefit payments) ⁽¹⁾	24.7%	30.4%

⁽¹⁾ The benefit payments do not include the net redundancy payments.

- 1.6 The difference between the previously and currently projected Fund size as at 31 March 2014 is mainly due to the differences in the projected contributions and benefits during 2013-14 shown above and also to the difference between the actual Fund size as at 31 March 2013 and the projected Fund size as at that date shown in the previous review.



- 1.7 The actual Fund size as at 31 March 2013 was £29.1 billion compared to a projected figure of £31.8 billion included in last year's report. The difference of £2.7 billion was mainly due to actual receipts being lower than expected and part of this was due to actual earnings growth over the year of 1.2% being lower than we had assumed (2.6%).

Financial effect of the draft Orders on the Fund in 2014-15

- 1.8 The financial effects of the draft Orders on projected benefit payments and contribution receipts for 2014-15 compared to the projected situation had there been no changes in benefit rates and contribution rates and limits for that year are estimated as follows (details of proposed changes are shown in section 2 below):

Table 1.2 – Impact of the draft Orders on Fund as at 31 March 2015 (£ million)

	£ million
Fund without changes	17,222
Impact of changes due to the draft Up-rating Order	-2,334
Impact of changes due to the draft Re-rating and National Insurance Fund Payments Order	-1
Impact of Welfare Benefits Up-rating Order 2014	-36
Impact of draft Limits and Thresholds Regulations	-784
Fund with changes	14,068

- 1.9 During 2014-15 payments out of the Fund are estimated to exceed receipts by £8.0 billion. The balance in the Fund at 31 March 2015 is estimated at £14.1 billion, or 15.3% of the estimated benefit payments (including redundancy payments) of £92.1 billion in the year 2014-15. I therefore expect, on the basis of the assumptions I have used, that the balance in the Fund will fall below one-sixth of annual benefit expenditure and therefore expect that it may be necessary to make a payment into the Fund out of money provided by Parliament in accordance with section 2 of the Social Security Act 1993 during 2014-15.
- 1.10 Following discussion with key interested stakeholders of this report, I have decided to provide projections until 2018-19 in Appendix 6 of this report. Longer term projections of the Fund will be included in my Quinquennial report.

Assumptions

- 1.11 The main assumptions used in my projections are, where appropriate, consistent with the central assumptions used by the OBR in its Economic and Fiscal Outlook (EFO) report published on 5 December 2013. Details of the key assumptions are given in section 3 below.
- 1.12 Varying the main assumptions would change the estimates for benefit payments and contribution receipts and in turn the estimated balance of the Fund. For example, a 1% higher/lower earnings increase assumption, in both financial years, would increase/decrease expected receipts by around £0.9 billion in 2013-14 and £1.9 billion in 2014-15. Increasing/decreasing the estimated number of employees by 200,000 in



both financial years would lead to an increase/decrease in expected receipts in both 2013-14 and 2014-15 of around £0.7 billion. The impact of these changes in assumptions on the projected Fund as at March 2015 would be broadly equal to the sum of the effects in 2013-14 and 2014-15.

5-year projections

- 1.13 Following discussion with key interested stakeholders of this report, I have decided to provide a 5-year projection in Appendix 6 of this report. In these projections I have allowed for the intended introduction of single tier state pensions from 2016-17 onwards. I have also included the effects of the abolition of employer National Insurance contributions for those under 21 earning below the equivalent of the UEL from April 2015. Longer term projections of the Fund will be included in my next Quinquennial report.
- 1.14 I have not considered the effect of any changes in State Pension age after 2018-19 as any such changes would not affect any of the figures in this report.
- 1.15 As the estimated payments and receipts are two large numbers, even relatively small changes in either or both of these numbers could produce a proportionately large change in the difference between them. Therefore the size of the Fund and the Fund as a percentage of benefit payments can be particularly sensitive to even small changes in assumptions and experience.



2 Proposed changes to benefits and contributions

Up-rating Order 2014

2.1 The draft Up-rating Order proposes increasing the rates of some social security benefits paid from the Fund, from April 2014. The following table shows the proposed changes in the major benefit rates. Details of the proposed changes in other benefit rates are shown in Appendix 1.

Table 2.1 – Changes to the main state pension rates

	Weekly rate in 2013-14	Proposed increase in weekly rate	Weekly rate in 2014-15
Retirement pension – person claiming on their own or their deceased spouse's NI contributions – standard rate	£110.15	£2.95	£113.10
Retirement pension – person claiming on their spouse's NI contributions – standard rate	£66.00	£1.80	£67.80

2.2 The most significant benefit paid from the National Insurance Fund is retirement pensions.

2.3 The basic state Pension is up-rated by the highest of growth in average earnings, prices (CPI) or 2.5%, the so-called “triple lock”. The annual increase in the level of CPI to September 2013 was 2.7% and average earnings increase over the year to May – July 2013 was 1.2%. The result of the triple lock is, therefore, that it is proposed that the basic state Pension will be up-rated by 2.7%. Further details are available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264123/Benefit_and_Pension_rates_2014-15.pdf.

2.4 The draft Up-rating Order proposes increasing earnings-related additional pensions (under the state earnings-related pension scheme (SERPS), state second pension (S2P) and graduated retirement benefit) by 2.7%, in line with the increase in the CPI.

2.5 The draft Up-rating Order proposes increasing increments and lump-sum payments relating to the deferral of retirement pensions in line with the increase in the CPI.

2.6 The financial effects of the benefit up-ratings are shown in section 4 below.

Welfare Benefits Up-rating Order 2014

2.7 The Welfare Benefits Up-rating Order 2014 increases by 1% the rates of some benefits paid from the Fund, from 2014. The Welfare Benefits Up-rating Act 2013 increases the main rates of most working age benefits, Tax Credits and statutory payments by 1% in 2014-15 and 2015-16, so long as the increase in CPI is more than 1%. The Welfare Benefits Up-rating Order 2014 enacts the 1% increase for 2014-15. The following table shows the proposed changes in the major benefit rates.



Table 2.2 – Changes to welfare benefits rates

	Weekly rate in 2013-14	Proposed increase in weekly rate	Weekly rate in 2014-15
Contribution-based Jobseeker's Allowance single person 25 and over	£71.70	£0.70	£72.40
Employment and Support Allowance personal allowance age 25 or over including work-related activity component	£100.15	£1.00	£101.15
Maternity Allowance	£136.78	£1.40	£138.18

2.8 Further details on the benefit rates applicable from April 2014, proposed in the draft Up-rating order and Welfare Benefits Up-rating Order, are available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264123/Benefit_and_Pension_rates_2014-15.pdf

Re-rating and National Insurance Fund Payments Order 2014 and Limits and Thresholds Regulations

2.9 The draft Re-rating and National Insurance Fund Payments Order proposes increasing some of the National Insurance contribution (NIC) rates payable to the Fund and the profits limits between and above which contributions are payable. The draft Limits and Thresholds Regulations propose increasing some of the earnings limits between and in some cases above which contributions are paid. The following table shows the changes in the major contribution rates and limits. Details of changes in other contribution rates and limits are shown in Appendix 2.



Table 2.3 – Changes to the main limits and thresholds

Item	2013-14	2014-15
	Per week	
Lower Earnings Limit for Class 1 NICs	£109	£111
Upper Earnings Limit for Employees' (Primary) Class 1 NICs	£797	£805
Upper accrual point ⁽¹⁾	£770	£770
Primary Threshold	£149	£153
Secondary Threshold	£148	£153
Rate of Class 2 NICs for Self- employed	£2.70	£2.75
	Per annum	
Small Earnings Exception Level for Class 2 NICs	£5,725	£5,885
	Per week	
Rate of (voluntary) Class 3 NICs	£13.55	£13.90
	Per annum	
Class 4 NICs – Upper Profits Limit	£41,450	£41,865
Class 4 NICs - Lower Profits Limit	£7,755	£7,956

⁽¹⁾ The UAP was introduced from April 2009 by the National Insurance Contributions Act 2008 and remains fixed in cash terms at the level of the UEL in 2008 – 09 (£770 per week or £40,040 per annum).

2.10 Details of the revised rates are shown in Appendix 2 below. Further details are available at:

<http://www.hmrc.gov.uk/rates/nic.htm>

2.11 The financial effects of the changes in rates and limits proposed in the draft Re-rating and National Insurance Fund Payments Order and the draft Limits and Thresholds Regulations are shown in section 4 below.



3 Assumptions and methods used to project receipts and payments

3.1 The key assumptions underlying the estimates for benefit payments and contribution receipts are those for employment and unemployment levels, and the rate of increase in earnings and CPI. In considering what assumptions to use, I have, where appropriate, used the same assumptions as the central assumptions used by the Office for Budget Responsibility for its Economic and Fiscal Outlook, published on 5 December 2013.

3.2 The table below provides details of the key assumptions underlying the estimates, along with last year's equivalents.

Table 3.1 - Key assumptions⁽¹⁾

	2013-14	2014-15
Number of employees (millions) ⁽²⁾		
This year's report	25.8	26.0
Last year's report	25.4	25.6
General earnings increase (%) ⁽³⁾		
This year's report	2.4	2.5
Last year's report	2.2	3.0
CPI increase (%)		
This year's report	2.7	2.2
Last year's report	2.6	2.2
Difference between earnings and CPI (%)		
This year's report	-0.3	0.3
Last year's report	-0.4	0.8

⁽¹⁾ These assumptions are consistent with those used by the OBR in its Economic and Fiscal Outlook published on 5 December 2013. The general earnings increases and CPI increases have been taken from the Table 4.1 of the OBR's Economic and Fiscal Outlook. The number of employees is based on Labour Force Statistics as projected by the OBR and provided directly to GAD.

⁽²⁾ The number of employees refers to the number of people employed rather than the number of jobs as one person may have more than one job. Employees exclude the self-employed. These figures are for the whole of the UK although in our projections we exclude Northern Ireland employees.

⁽³⁾ This is the average earnings increase per employee from the previous financial year to the current financial year from Table 4.1 of OBR's Economic and Fiscal Outlook.



- 3.3 The estimates of future receipts and payments have used a 2012-based low migration population projection for Great Britain, derived from population projections issued by ONS in November 2013, as this is consistent with the population growth assumptions used by the OBR in its December 2013 Economic and Fiscal Outlook.
- 3.4 Further details of the methods used to estimate benefit payments and contribution receipts are provided in Appendix 3.
- 3.5 Section 5 below shows the broad impact of using some different economic assumptions from those set out above.



4 Estimates of receipts, payments and fund balance

4.1 Table 4.1 below provides estimates of receipts and payments of the Fund for 2014-15 along with our latest estimates for 2013-14. We have not included any estimate for a payment of a Treasury Grant. However, the draft Social Security (Contributions) (Re-rating and National Insurance Fund Payments Order 2014 includes an allowance for the payment of a Treasury Grant of up to 5% of benefit payments.

Table 4.1 – Estimated receipts and payments and statement of balances of the National Insurance Fund

Great Britain, £ million	2013-14	2014-15
Receipts		
Contributions ⁽¹⁾	83,477	85,491
Less recoveries of statutory payments (and abatements)	2,425	2,489
Net contribution receipts	81,052	83,001
Treasury Grant	0	0
Compensation from Consolidated Fund for statutory payments recoveries	2,322	2,481
Income from investments	127	90
State scheme premiums	37	37
Other receipts ⁽²⁾	368	40
Total receipts⁽³⁾	83,906	85,648
Payments		
Benefits ⁽⁴⁾		
At present rates	89,158	89,445
Increase due to proposed changes		2,369
Total		91,814
Personal and stakeholder pensions c/out rebates	39	6
Age-related rebates for c/out money purchase schemes ⁽⁵⁾	6	1
Administration costs ⁽²⁾	939	962
Redundancy fund payments (net) ⁽²⁾⁽⁶⁾	331	318
Transfer to Northern Ireland	315	340
Other payments	168	172
Total payments⁽³⁾	90,957	93,613
Statement of balances		
Balance at beginning of year ⁽⁷⁾	29,083	22,033
Excess of receipts over payments	-7,050	-7,965
Balance at end of year	22,033	14,068
Balance at end of year as percentage of annual benefit payments ⁽⁸⁾	24.6%	15.3%



- (1) We have included the effects of the Employment Allowance introduced from April 2014. The impact on contributions has been provided by HM Revenue and Customs.
- (2) The figures for 2013-14 are provisional estimates supplied by other government departments on the basis of amounts received or paid so far in this year. This figure includes a correction for overpayments to the NHS made between 2000-01 and 2009-10 (as described on page 14 of <http://www.official-documents.gov.uk/document/hc1314/hc08/0893/0893.pdf>.)
- (3) Figures may not sum to totals shown due to rounding.
- (4) The effect of the Social Security Up-rating order and the effect of the Welfare Benefits Up-rating Order are shown separately in Tables 4.2 and 4.3 below. In 2013-14, the split is £85,533 million/£3,626 million and in 2014-15 the split is £87,907 million/£3,907 million.
- (5) Contracting-out on a defined-contribution basis ceased in April 2012. Payments in 2013-14 and 2014-15 are due to some 2011-12 payments being made in arrears.
- (6) Redundancy payments are shown net of redundancy recoveries. The payments cover both payment in lieu of missing wages and missing pension contributions.
- (7) The balance at 31 March 2013 is taken from the published accounts of the Fund for the year 2012-13.
- (8) Percentages of benefit payments used here include net redundancy payments.



Estimates for 2013-14

- 4.2 The estimates shown in Table 4.1 above for 2013-14 may be compared with the estimates for the same period included in my report of January 2013. A full comparison is included in Appendix 5.
- 4.3 In my January 2013 report I estimated that payments during the year 2013-14 would exceed receipts by £4.9 billion. My updated estimate for the excess of payments over receipts during the year 2013-14 is £7.1 billion as shown in Table 4.1 above. This increased projected deficit for the year 2013-14 is mainly due to:
- A small increase of 0.6% in the projected benefits payable; and
 - A reduction of 2.5% in projected contribution receipts. Although the relevant economic assumptions (employment and earnings growth) for the year 2013-14 are now both more optimistic than in last year's report; the actual earnings growth in 2012-13 was lower than I had assumed (1.2% rather than 2.6%) and this has had the knock-on effect of lowering projected contributions in 2013-14.

Estimates for 2014-15

- 4.4 The size of the Fund as a percentage of benefit payments is projected to fall from 24.6% at the end of 2013-14 to 15.3% at the end of 2014-15. This would therefore trigger a payment of a Treasury Grant to maintain the size of the Fund as one-sixth of the benefit payments.
- 4.5 The Fund's contribution income is projected to increase broadly in line with future average earnings and increases in employment.
- 4.6 The Fund's expenditure is projected to increase broadly in line with increases to benefit rates and increases in the number of recipients of state pension and other benefits.

Effects of the Social Security Up-rating order: a report under Sections 150(8) and 150A(5) of the Social Security Administration Act 1992

- 4.7 I estimate that the potential increase in benefit payments in 2014-15 as a result of the proposed measures in the draft Up-rating Order will be £2.3 billion, taking estimated total benefit payments from £85.6 billion to £87.9 billion. A breakdown of the £2.3 billion is shown in the final column of Table 4.2 below.



Table 4.2 - Estimated payments from the National Insurance Fund for benefits, and the effect of the draft Up-rating Order on payments in 2014-15

Great Britain, £ million	Estimated total payments in 2013-14	Estimated total payments in 2014-15	Estimated extra payments in 2014-15 as a result of the draft Up- rating Order ⁽¹⁾
Retirement Pensions – Basic ⁽²⁾	66,322	68,643	1,673
Retirement Pensions – Additional Pensions	16,521	17,443	624
Incapacity Benefit – Basic	1,199	128	3
Incapacity Benefit – Additional Pensions	30	5	0
Widows'/Bereavement Benefits – Basic	523	519	10
Widows'/Bereavement Benefits – Additional Pensions	61	55	2
Employment and Support Allowance ⁽³⁾	753	988	22
Guardian's Allowance	2	2	0
Christmas Bonus	123	124	0
Total ⁽⁴⁾	85,533	87,907	2,334
Redundancy payments (net)	331	318	0

⁽¹⁾ Compared to the position without any up-rating in 2014-15. For example, the 2014-15 estimated total payments for 'Retirement Pensions – Basic' without up-rating would be £66,970 million (ie £68,643 million less £1,673 million).

⁽²⁾ Includes payments of Graduated Retirement Benefit.

⁽³⁾ ESA Support Group component only.

⁽⁴⁾ Figures may not sum to totals due to rounding.



Effects of the Welfare Benefits Up-rating Order: a report under Section 1(4) of the Welfare Benefits Up-rating Act 2013

4.8 I estimate that the potential increase in benefit payments in 2014-15 as a result of the proposed measures in the Welfare Benefit Up-rating Order will be £36 million, taking estimated total benefit payments from £3,871 million to £3,907 million. A breakdown of the £36 million is shown in the final column of Table 4.3 below.

Table 4.3 - Estimated payments from the National Insurance Fund for benefits, and the effect of Welfare Benefits Up-rating Order on payments in 2014-15

Great Britain	Estimated total payments in 2013-14	Estimated total payments in 2014-15	Estimated extra payments in 2014-15 as a result of the draft Up-rating Order⁽¹⁾
£ million			
Employment and Support Allowance ⁽²⁾	2,681	2,981	27
Contribution-based Jobseeker's Allowance	543	524	5
Maternity Allowance	402	403	4
Total ⁽³⁾	3,626	3,907	36

⁽¹⁾ Compared to the position without any up-rating in 2014-15.

⁽²⁾ The reassessment of Incapacity Benefit recipients and potential transition to Employment and Support Allowance is currently ongoing. The fall in Incapacity Benefit is larger than the increase in Employment and Support Allowance, reflecting that some Incapacity Benefit recipients will cease to receive contributory benefits as a result of the application of the work capability assessment. ESA Personal Allowance and ESA WRA components.

⁽³⁾ Figures may not sum to totals due to rounding.

Effects of the draft Re-rating and National Insurance Fund Payments order and draft Limits and Thresholds Regulations

4.9 I estimate that the effect of the measures proposed in the draft Re-rating and National Insurance Fund Payments Order and the draft Limits and Thresholds Regulations will be a reduction in contribution receipts to the Fund in 2014-15 of £785 million. A breakdown of this is shown in Table 4.4.



Table 4.4 – Estimated effects of the draft Re-rating and National Insurance Fund Payments Order and Limits and the draft Limits and Thresholds Regulations on contribution accruals and receipts in 2014 – 15

Great Britain	Contributions estimated as due for 2014-15	Contributions estimated to be received in 2014-15 ⁽¹⁾
£ million	(accrual amounts)	(cash received)
<i>Social Security (Contributions) (Re-rating and National Insurance Fund Payments) Order 2014</i>		
Increase in Class 2 contribution rate	+7	+5
Increase in Class 2 small earnings exception	-8	-7
Increase in Class 3 contribution rate	+1	+0
Change in Class 4 profits limits	-20	-0
Total	-20	-1
<i>Social Security (Contributions) (Limits and Thresholds) (Amendment) Regulations 2014</i>		
Change in Class 1 thresholds and earnings limits		
Effect on gross contributions	-967	-809
Effect on contracted-out rebate	-30	-25
Total ⁽²⁾	-936	-784
Net effect of all measures ⁽³⁾	-956	-785

⁽¹⁾ The balance of contributions for 2014-15 will not be received until after 31 March 2015, whereas the “Contributions estimated as due” column shows all contributions based on earnings or profits in 2014-15, regardless of when they are received.

⁽²⁾ As the contracted-out rebates are deducted from the amount of gross Class 1 contributions when calculating the Fund's income one needs to deduct the effect on contracted out rebates from the effect on gross contributions to derive the total effect of the changes in thresholds and limits.

⁽³⁾ Figures may not sum to totals shown due to rounding.

4.10 The main reason for the reduction in receipts as a result of the draft Re-rating and National Insurance Fund Payments Order and the draft Limits and Thresholds Regulations is that the effect of the proposed increases in the lower earnings limit, primary threshold, secondary threshold and Lower Profits Limit are higher than the increases in the Upper Earnings Limit and the Upper Profits Limit.

Fund balance

4.11 I estimate that the balance in the Fund at 31 March 2015, allowing for the measures proposed in the draft Up-rating and Re-rating and National Insurance Fund Payments Orders, the draft Limits and Thresholds Regulations and the Welfare Orders will be £14.1 billion. As this is lower than one-sixth of estimated benefit payments including redundancy payments (that is, 1/6th of £92.1 billion, or £15.4 billion) I expect that a Treasury Grant will be needed in 2014-15.



5 Sensitivity of estimates to economic assumptions

- 5.1 To provide an indication of the broad impact of alternative assumptions, Table 5.1 below shows the effects of changes in two of the key economic assumptions on Class 1 contribution receipts for the National Insurance Fund. Contribution receipts are sensitive to assumptions for the level of earnings increases and levels of employment. We have only shown the impact on Class 1 receipts as these make up over 90% of the net of rebate contributions.

Table 5.1 – Effect on Class 1 receipts of the National Insurance Fund in 2013-14 and 2014-15 of variations in economic assumptions

Variation	£ Million	Effect on receipts in 2013-14	Effect on receipts in 2014-15
1% lower employee earnings increases		-850	-1,920
1% higher employee earnings increases		+860	+1,920
Lower GB number of employees by 200,000 in 2014 – 15		-650	-660
Higher GB number of employees by 200,000 in 2014 – 15		+650	+660

- 5.2 The assumptions for the number of employees and earnings increases are largely independent. Therefore the effects of changes to these assumptions can be treated as additive.
- 5.3 The figures in Table 5.1 can be interpolated or extrapolated to estimate the effects on contribution receipts and fund balance under different sets of assumptions. However, it should be noted that the emerging results become less reliable the further any extrapolation lies from the base scenario.
- 5.4 Receipts and payments into and out of the Fund are also sensitive to different levels or patterns of contracting-out.



6 Conclusion

- 6.1 The balance in the National Insurance Fund at 31 March 2014, as set out in Table 4.1 of this report, is estimated to be £22.0 billion. This is £5.0 billion lower than my estimate in my report in January 2013.
- 6.2 I estimate the balance of the Fund at 31 March 2015, allowing for the proposed increases in benefits and changes in contributions in 2014-15 that would arise from the proposed Up-rating, Re-rating and National Insurance Fund Payments, Welfare Benefits Up-rating Orders and Limits and Thresholds Regulations, to be £14.1 billion. As this estimated Fund balance is lower than one-sixth of benefit payments during the year (equivalent to £15.4 billion), I expect, on the basis of the assumptions that I have used, that a payment would be required during 2014-15 to the Fund out of money provided by Parliament in accordance with section 2 (2) of the Social Security Act 1993.
- 6.3 If economic conditions depart from the assumptions used, the balance of the Fund at 31 March 2015 could be different from that given above. The effect of variations in some of these assumptions is described in section 5.

Trevor Llanwarne
Government Actuary
January 2014



Appendix 1: Main rates of benefit provided from the National Insurance Fund

All figures in £s	Weekly rate in 2013- 14	Weekly rate proposed from April 2014
State Pension		
Category A or B (paid to individuals over State Pension age based on their own contributions or those made by a deceased spouse or civil partner)	110.15	113.10
Category BL (paid to an individual over State Pension age based on their spouse or civil partner's contributions while the spouse/civil partner is alive)	66.00	67.80
Non-contributory rate (paid to those over age 80 with inadequate contributions)	66.00	67.80
Increase for spouse or other adult dependant (retirement pension only)	63.20	64.90
Graduated retirement benefit (unit)	0.13	0.13
Bereavement benefits⁽¹⁾		
Widowed parent's/mother's allowance and bereavement allowance/widow's pension (standard rate))	108.30	111.20
Bereavement payment (lump sum)	2000.00	2000.00
Incapacity Benefit long-term rate⁽²⁾		
Personal benefit	101.35	104.10
Transitional invalidity allowance higher rate	10.70	11.00
Transitional invalidity allowance middle rate	6.00	6.15
Transitional invalidity allowance lower rate	6.00	6.15
Wife or other adult dependant	58.85	60.45
Age increase higher rate	10.70	11.00
Age increase lower rate	6.00	6.15
Incapacity Benefit short-term (under State Pension age)		
Personal benefit higher rate	90.50	92.95
Personal benefit lower rate	76.45	78.50
Wife or other adult dependant	45.85	47.10
Incapacity Benefit short-term (over State pension age)		
Personal benefit higher rate	101.35	104.10
Personal benefit lower rate	97.25	99.90
Wife or other adult dependant	56.65	58.2
Employment and Support Allowance⁽³⁾		
*Personal allowance (age 25 or over)	71.70	72.40
*Work-related activity component	28.45	28.75
Support component	34.80	35.75
*Statutory Sick Pay	86.70	87.55
*Jobseeker's Allowance (contribution-based)⁽⁴⁾		
*Personal benefit for those aged 18 to 24	56.80	57.35
*Personal benefit for those aged 25 and over	71.70	72.40
*Maternity Allowance⁽⁵⁾		
Statutory Maternity Pay		
*Standard rate ⁽⁵⁾	136.78	138.18
Guardian's allowance		
First child	15.55	15.90
Other children	15.55	15.90



Increases for the children of widows, widowers, retirement pensioners and those on long-term rate and higher short-term rate of incapacity benefit and recipients of Incapacity Benefit over pension age

First child	8.10	8.05
Other children	11.35	11.35
Christmas bonus to pensioners (lump sum)	10.00	10.00

- (1) Lower rates of bereavement allowance/widow's pension apply for people who are younger at the age of bereavement.
- (2) The threshold for incapacity benefit and contribution-based Employment and Support Allowance offset for occupational and personal pensions is £85 a week for both years.
- (3) Employment and Support Allowance replaced Incapacity Benefit for new claims from 27 October 2008. The benefit contains many allowances depending on the circumstances of the recipients. However, everyone who satisfies the work capability assessment will receive a personal allowance and either the work-related activity component or the support component. The process is underway to review Incapacity Benefit claims to assess if they can be transferred to ESA.
- (4) Unemployed people who meet certain conditions, primarily relating to the payment of National Insurance contributions in the period recently before they become unemployed, can claim contribution-based Jobseeker's Allowance. Other unemployed people who either exhaust or have no entitlement to the contributory benefit may receive income-based Jobseeker's Allowance.
- (5) The first 6 weeks of Statutory Maternity Pay is paid at 90% of the woman's average weekly earnings with no upper limit. Thereafter the remaining 33 weeks are paid at the standard rate or, if lower, 90% of her average weekly earnings. Maternity Allowance is paid at the amount shown or 90% of the woman's average weekly earnings if this calculation results in a figure which is less. Self-employed women who hold a certificate of small earnings exception receive Maternity Allowance equal to 90% of the Maternity Allowance threshold (£30 a week).
- * Benefits Up-rated with the Welfare Benefits Up-rating Order 2014.



Appendix 2: Main features of the contribution system

		Rate in 2013-14	Rate proposed from April 2014
Class 1			
Lower earnings limit (LEL)		£109 a week	£111 a week
Upper earnings limit (UEL)		£797 a week	£805 a week
Upper accrual point (UAP) ⁽¹⁾		£770 a week	£770 a week
Primary threshold		£149 a week	£153 a week
Secondary threshold		£148 a week	£153 a week
Contribution rates (NI Fund and NHS combined)			
Primary (employee)	On earnings between the primary threshold and UEL ⁽²⁾	12.00%	12.00%
	Reduced rate on earnings between the primary threshold and UEL for married women and widow optants	5.85%	5.85%
	On earnings above the UEL	2.00%	2.00%
	NHS allocation included in above		
	– percentage of earnings between the primary threshold and UEL	2.05%	2.05%
	– percentage of earnings above the UEL	1.00%	1.00%
Secondary (employer)	On all earnings above the secondary threshold ⁽²⁾	13.80%	13.80%
	NHS allocation included in above (percentage of all earnings on which contributions are paid for employees earning above the secondary threshold)	1.90%	1.90%
Class 1A and Class 1B			
	Contribution rate (employer only)	13.80%	13.80%
	NHS allocation included in above	1.90%	1.90%
Class 2			
	Flat-rate contribution	£2.70 a week	£2.75 a week
	Small earnings exception	£5,725 a year	£5,885 a year
	NHS allocation included in above (percentage of contribution)	15.50%	15.50%



Class 3

Flat-rate contribution	£13.55 a week	£13.90 a week
NHS allocation included in above (percentage of contribution)	15.50%	15.50%

Class 4

Lower Profits Limit (LPL)	£7,755 a year	£7,956 a year
Upper Profits Limit (UPL)	£41,450 a year	£41,865 a year

Contribution rate

On profits between the LPL and UPL	9.00%	9.00%
On profits above the UPL	2.00%	2.00%

NHS allocation included in above ⁽³⁾

Percentage of profits between the LPL and UPL	2.15%	2.15%
Percentage of profits above the UPL	1.00%	1.00%

- (1) The UAP was introduced from April 2009 by the National Insurance Contributions Act 2008, and remains fixed in cash terms at the level of the UEL in 2008-09 (£770 a week or £40,040 a year).
- (2) The contracted-out rebate for primary contributions in 2013-14 and 2014-15 is 1.4% of earnings between the LEL and UAP for COSRS. The contracted out rebate for secondary contributions in 2013-14 and 2014-15 is 3.4% of earnings between the LEL and UAP for COSRS.
- (3) The amount of the secondary Class 1 NICs apportioned to the NHS is calculated as the relevant percentage (currently 1.9%) of the total earnings of those employees who earn above the primary threshold. This is in line with the interpretation of subsections (5) and (5A) of section 162 of the Social Security Administration Act 1992 provided to GAD by HMRC.



Appendix 3: Methods

Contributions

1. Contributions are estimated separately for each class of National Insurance contribution. Actual known receipts in recent years are used to adjust modelled estimates for future years. The modelled estimates for the current year, 2013 – 14, are aligned with HM Revenue & Customs estimates, based on contributions received in the year to date.
2. Estimates of Class 1 contributions are made separately for gross contributions and amounts of contracted-out rebates. Estimates of gross contributions and COSR rebates are made using earnings distributions based on the Annual Survey of Hours and Earnings (ASHE) produced by the Office for National Statistics and the Survey of Personal Incomes published by HMRC.
3. Other classes of National Insurance contributions, which generate substantially lower revenues than Class 1, are estimated using simplified models. Class 1A and Class 1B contributions are estimated using data and projections provided by HM Revenue & Customs on contributions paid in previous years. Estimates of Class 2 and Class 4 contributions are estimated using data on the earnings of the self-employed received from HM Revenue & Customs, adjusted for earnings increases. These data are combined with information on contributions received in the past, the assumed numbers of self-employed in the future, and the Class 2 and Class 4 contribution rates. Class 3 contributions are estimated by adjusting the contributions paid in earlier years for the changes in the contribution rate. The underlying numbers of people paying Class 3 contributions are based on HM Revenue & Customs assumptions.
4. Statutory Sick Pay (SSP) and Statutory Maternity Pay (SMP) recovered by employers are estimated by adjusting amounts recovered in the latest years for which data are available broadly in line with changes in numbers of employees, rates of benefit, and, for earnings-related SMP, the average earnings of women and number of births. The additional amount in excess of 100% of SMP paid which can be reclaimed by small employers (SMP abatement) is estimated in a similar way. The amount of the payment from the Consolidated Fund is estimated as the amounts of SSP and SMP recovered, with adjustments in the current year arising from revisions to estimates of amounts recovered in prior years. Statutory Paternity Pay (SPP) and Statutory Adoption Pay (SAP) are estimated in a similar way. Additional Statutory Paternity Pay (ASPP) was introduced from April 2011. Historically there were problems with the data for statutory payments. The position has improved and work on resolving remaining issues is continuing. In the meantime, estimates have been made based on the available data.

Other receipts

5. The estimates given for receipts from state scheme premiums are based on receipts data from HM Revenue & Customs in the recent past and on estimated amounts of contracted-out rebates.
6. The investment income has been estimated for future years by applying an assumed rate of investment return to the average balance in the Fund during each future year. The investment return on the National Insurance Fund is expected to be close to the Official Bank of England Rate (Bank Rate) given that the assets of the National Insurance Fund are deposited with the Commissioners for the Reduction of National Debt. The assumed rate of investment return is based on the OBR's Economic and Fiscal Outlook (EFO) report published on 5 December 2013.



7. The amount of the Treasury Grant, if any, for a year is estimated as that amount needed to ensure that the estimate of the Fund balance at the end of that year is at least 1/6th of projected benefit payments (including redundancy fund payments) in the year.
8. Estimates for the item called "Other receipts" in the accounts of the National Insurance Fund (mainly recoveries of damages in tort from benefits paid) are provided by the Strategy Directorate of the Department for Work and Pensions.

Benefits

9. Benefits are estimated separately for each of the contributory benefits, for the basic flat-rate element of state retirement pensions and for additional earnings related pensions (SERPS and S2P).
10. The estimate of basic retirement pension, by far the largest benefit, uses a 2012-based low migration population projection for Great Britain, derived from population projections issued by ONS as a basis for the number of people over State Pension age. The estimates allow for different proportions of the population at different ages above State Pension age receiving basic retirement pension. Allowance is made for trends in the average amounts of benefit and the changing mix in categories of retirement pension for women arising from the increasing trend for women to have entitlement on their own contributions.
11. Allowance has been made for the increases in female State Pension age during 2013-14 to 2018-19.
12. A separate model estimates the amounts of retirement pension paid to pensioners overseas (and therefore not covered by the ONS's population projections). This model takes as a starting point the data on the amounts of pension currently paid to pensioners overseas and an estimate of the amounts of contributions paid in past years by people under State Pension age who are believed to be currently overseas. These are then projected allowing for mortality, immigration and emigration, and awards of new pension for those reaching State Pension age. Allowance is made for those overseas cases whose pension rate is frozen.
13. Estimates of amounts of additional pension paid with retirement pension are derived from age-specific data on past earnings from the data provided from DWP. For future years, earnings factors are derived from the output of the National Insurance Class 1 contributions model, with adjustments for the difference between earnings on which contributions are paid and earnings counting for accruals of additional pension, and with allowance for different accrual rates on different bands of earnings in the State Second Pension (S2P). Allowance is also made for accruals of S2P-credited earnings from 2002-03 onwards, including the changes introduced by the Pensions Act 2007, based on information from DWP. Accrued earnings are projected to pension age based on population mortality rates from the ONS 2012-based population projections. At State Pension age, the projected accrued earnings are converted to amounts of awards of additional pension. These amounts of additional pension are projected forward using mortality rates based on the ONS's 2012-based population projection, with adjustment to allow for lighter mortality rates for amounts of additional pension than for lives in the population as observed in DWP's data. Allowance is made for additional pension which is inherited by surviving widows and widowers after the death of a pensioner. A similar method is used for guaranteed minimum pensions and contracted-out deductions, with further adjustment made to the mortality rates to allow for generally lighter mortality for those contracted out.



14. The estimates of graduated retirement pension are based on the numbers of graduated units earned between 1961 and April 1975. An estimated adjustment was made to allow for units of deceased men inherited by their widows who were under State Pension age at April 1975 and which would not come into payment until the widow reached State Pension age. The units accrued up to April 1975 are projected allowing using population mortality rates. Allowance is made for inheritance of graduated units by widows, widowers and bereaved civil partners. Units in respect of people under State Pension age are assumed to be paid on reaching State Pension age. The appropriate graduated rate is applied to the remaining units over State Pension age.
15. The estimates of benefits for widows, bereavement, incapacity, employment and support, jobseekers, maternity, and Christmas bonus are derived from information provided by the Department for Work and Pensions. Estimates for guardian's allowance are derived from recent data, adjusted in line with the projected number of children in the population.
16. Allowance has also been made for the impact of the Welfare Benefits Up-Rating Act 2013 on working age benefits payable from the Fund. We have not allowed for the impact of any capping of benefit payments as we have assumed that any such capping would not affect the payments made from the Fund.

Other payments

17. The administration costs for 2013-14 are based on estimates provided by HM Revenue & Customs. Future costs have been estimated as the 2013-14 costs increased in line with average earnings growth.
18. Redundancy payments estimates (net of redundancy receipts) are provided by the Department for Business, Innovation and Skills, and are based on the same economic assumptions as the other estimates.
19. Transfers from the Great Britain National Insurance Fund to the Northern Ireland National Insurance Fund are made in order to keep the balance in the Northern Ireland National Insurance Fund at 2.87% of the combined balance in the two funds. Estimates of transfers to or from Northern Ireland are made on this basis. This proportion has been increased from 2.84% used in previous reviews following analysis of the working populations in Great Britain and Northern Ireland as provided in 2011 census results.
20. The figures for "Other payments" are based on an extrapolation of amounts shown in the accounts of the National Insurance Fund for this item in previous years.



Appendix 4: Analysis of contribution receipts

Great Britain			2013-14	2014-15
£ million				
National Insurance Fund				
Class 1 ⁽¹⁾	Primary	Gross	35,306	36,189
	Contracted-out rebate ⁽²⁾		1,952	1,902
		Net	33,354	34,287
	Secondary	Gross	51,895	53,335
	Contracted-out rebate ⁽²⁾		4,738	4,620
		Net	47,157	48,716
	Total	Gross	87,201	89,525
	Contracted-out rebate ⁽²⁾		6,690	6,522
		Net	80,511	83,003
Classes 1A and 1B			1,078	1,122
Class 2			339	320
Class 3			40	38
Class 4 ⁽⁵⁾			1,508	1,007
Total National Insurance Fund contributions⁽³⁾			83,477	85,491
National Health Service				
Class 1	Primary		8,110	8,338
	Secondary		11,583	11,945
	Total		19,693	20,283
Classes 1A and 1B			172	179
Class 2			62	59
Class 3			7	7
Class 4 ⁽⁵⁾			603	405
Total National Health Service contributions⁽⁴⁾			20,537	20,933



Appendix 4 (cont)

Great Britain			2013-14	2014-15
£ million				
All contributions				
Class 1 ⁽¹⁾	Primary	Gross	43,415	44,528
		Contracted-out rebate ⁽²⁾	1,952	1,902
		Net	41,464	42,626
	Secondary	Gross	63,478	65,280
		Contracted-out rebate ⁽²⁾	4,738	4,620
		Net	58,740	60,660
	Total	Gross	106,893	109,808
		Contracted-out rebate ⁽²⁾	6,690	6,522
		Net	100,204	103,286
Classes 1A and 1B			1,250	1,301
Class 2			401	379
Class 3			47	46
Class 4 ⁽⁵⁾			2,111	1,412
Total contributions ⁽⁴⁾			104,014	106,424

(1) All figures are gross of recoveries by employers of Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay including Additional Statutory Paternity Pay and Statutory Adoption Pay.

(2) Contracted-out rebates in respect of contracted-out occupational pension schemes deducted from contributions paid in year only.

(3) These figures appear in Table 4.1 in the main report.

(4) Figures may not sum to totals shown due to rounding.

(5) The reduction in Class 4 contributions is due to the impact of the proposal to increase the Lower Profits Limit by a higher percentage than the Upper Profits Limit.



Appendix 5: Comparison of current and January 2013 estimates of 2013 – 14 cashflows

See paragraph 4.3 above and the notes following the table below for reasons for the differences shown in the following table.

Great Britain	2013-14 current estimates, on the assumptions in Section 4 and detailed in Appendix 3	2013-14 estimates in the January 2013 Up-rating Report
£ million		
Receipts⁽¹⁾		
Contributions	83,477	85,755
Less recoveries of statutory payments (and abatements)	2,425	2,519
Net contribution receipts ⁽³⁾	81,052	83,236
Treasury Grant	0	0
Compensation from Consolidated Fund for statutory payments recoveries	2,322	2,511
Income from investments	127	117
State scheme premiums	37	37
Other receipts	368	47
Total receipts⁽³⁾	83,906	85,947
Payments⁽²⁾		
Benefits	89,158	88,670
Personal and stakeholder pensions contracted-out rebates	39	41
Age-related rebates for contracted-out money-purchase schemes	6	6
Administration costs	939	1,180
Redundancy fund payments (net)	331	450
Transfer to Northern Ireland	315	305
Other payments	168	158
Total payments⁽³⁾	90,957	90,809
Excess of receipts over payments ⁽³⁾	-7,050	-4,862

(1) The difference of £2.0 billion is due in large part to lower earnings growth in 2012-13 than expected offset by the correction described in note 1 to Table 4.1.

(2) The relatively small difference of £0.2 billion is due to a number of small differences between the projections including higher projected ESA and IB payments, lower administration costs and lower redundancy fund transfers .

(3) Figures may not sum to totals due to rounding.



Appendix 6: Projections beyond April 2015

This section includes the results of 5-year projections on our central assumptions and on two variants of future earnings growth. Even relatively short term projections of the Fund are highly sensitive to the assumptions made and therefore need to be treated with caution.

Assumptions

We have assumed that decisions regarding future increases in contribution limits and rates and increases in benefits from 2015-16 onwards are made in line with the same policies and approaches as used for the increases for 2014-15.

Unless otherwise stated the methods and assumptions used for these projections are the same as the methods and assumptions used for the results shown earlier in this report. In particular CPI, earnings growth and triple lock assumptions are based on Table 4.1 in OBR's December 2013 Economic and Fiscal Outlook.

These projections allow for the effect of the introduction of single tier legislation from 2016-17 onwards. The effect is broadly equal to the amount of contracting-out rebates that no longer need to be deducted from contributions. We have also included the effects of the abolition of secondary National Insurance contributions for those under 21 earning below the equivalent of the UEL from April 2015.

Employment

FY	UR2013 people-based (millions)	UR2014 people-based (millions)	Change (millions)
2012/13	25.4	25.4 (actual)	nil
2013/14	25.4	25.8	+0.4
2014/15	25.6	26.0	+0.4
2015/16	25.7	26.2	+0.5
2016/17	26.0	26.4	+0.4
2017/18	26.2	26.7	+0.5
2018/19	N/A	26.9	N/A



CPI

FY	UR2013	UR2014	Change
	%	%	%
2012/13	2.2	2.2 (actual)	nil
2013/14	2.6	2.7	+0.1
2014/15	2.2	2.2	nil
2015/16	2.0	2.1	+0.1
2016/17	2.0	2.0	nil
2017/18	2.0	2.0	nil
2018/19	N/A	2.0	N/A

Earnings growth

FY	UR2013	UR2014			
	%	Central %	Change %	+1% earnings	-1% earnings
2012/13	2.6	1.1 ⁽¹⁾ (actual)	-1.5	1.1	1.1
2013/14	2.2	2.4	+0.2	3.4	1.4
2014/15	3.0	2.5	-0.5	3.5	1.5
2015/16	3.9	3.4	-0.5	4.4	2.4
2016/17	4.0	3.6	-0.4	4.6	2.6
2017/18	4.0	3.7	-0.3	4.7	2.7
2018/19	N/A	3.7	N/A	4.7	2.7

⁽¹⁾ This is different from the earnings increase shown in paragraph 2.3 due to differences in the period used to assess earnings growth.

Triple Lock

FY	UR2013	UR2014			
	%	Central %	Change %	+1% earnings	-1% earnings
2012/13	2.5	2.5	nil	2.5	2.5
2013/14	2.6	2.7	+0.1	2.7	2.7
2014/15	2.6	2.5	-0.1	2.5	2.5
2015/16	3.7	3.3	-0.4	4.3	2.5
2016/17	4.0	3.5	-0.5	4.5	2.5
2017/18	N/A	3.7	N/A	4.7	2.7



Projections

The variants shown here focus on the impact of changes in earnings growth as the size of the Fund is particularly sensitive to changes in this assumption. Changes in earnings growth have a direct impact of the level of contributions received while the impact of changes in earnings growth on benefit payments, where this reduces to below CPI or 2.5%, will be limited due to the Basic State Pension triple lock mechanism. Figures for 2012-13 are from the National Insurance Fund accounts.

Tables of results

We project the Fund and the 'Fund as a percentage of benefit payments' assuming, if necessary a Treasury Grant is made to ensure that the Fund does not fall below zero. We also show the Treasury Grant required to ensure that the Fund does not fall below one-sixth of benefit payments.

Central Assumptions – Fund value from 2013-2019

Great Britain, £ million	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Income	81,947	83,906	85,648	89,074	98,242	103,812	109,171
Payments	91,458	90,957	93,613	97,101	100,093	103,543	106,830
Excess of receipts over payments	-9,511	-7,050	-7,965	-8,028	-1,852	270	2,342
Balance in fund at end of year ⁽¹⁾	29,083	22,033	14,068	6,040	4,189	4,458	6,800
Balance at end of year as a percentage of benefit payments	33.1%	24.6%	15.3%	6.3%	4.3%	4.4%	6.5%
Payment required to maintain a Fund value greater than 0 at the end of the year	0	0	0	0	0	0	0
Payment required to maintain Fund at 1/6th of benefit payments	0	0	1,290	8,597	2,244	35	0

⁽¹⁾ Ignoring the effect of any Treasury Grant.



1% Higher earnings variant - Fund value from 2013-2019

Great Britain, £ million	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Income	81,947	84,862	87,601	92,239	102,902	110,069	117,212
Payments	91,458	90,965	93,627	97,121	100,733	104,901	108,960
Excess of receipts over payments	-9,511	-6,102	-6,026	-4,883	2,169	5,168	8,252
Balance in fund at end of year ⁽¹⁾	29,083	22,981	16,955	12,072	14,242	19,410	27,661
Balance at end of year as a percentage of benefit payments	33.1%	25.7%	18.4%	12.6%	14.4%	18.8%	25.8%
Payment required to maintain a Fund value greater than 0 at the end of the year	0	0	0	0	0	0	0
Payment required to maintain Fund at 1/6th of benefit payments	0	0	0	3,859	0	0	0

⁽¹⁾ Ignoring the effect of any Treasury Grant.

1% Lower earnings variant - Fund value from 2013-2019

Great Britain £ million	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Income	81,947	83,147	83,702	85,950	93,669	97,711	101,371
Payments	91,458	90,954	93,600	97,081	99,561	102,302	104,841
Excess of receipts over payments	-9,511	-7,807	-9,898	-11,132	-5,892	-4,591	-3,471
Balance in fund at end of year ⁽¹⁾	29,083	21,276	11,378	247	0	0	0
Balance at end of year as a percentage of benefit payments	33.1%	23.8%	12.3%	0.3%	0.0%	0.0%	0.0%
Payment required to maintain a Fund value greater than 0 at the end of the year	0	0	0	0	5,218	9,186	11,809
Payment required to maintain Fund at 1/6th of benefit payments	0	0	3,977	11,688	6,131	4,596	3,160

⁽¹⁾ Ignoring the effect of any Treasury Grant.



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Finlaison House 15-17 Furnival Street London EC4A 1AB

Fax: +44 (0)20 7211 2650

Switchboard: +44 (0)20 7211 2601

Email enquiries: enquiries@gad.gov.uk

Web: www.gov.uk/gad

ISBN 978-0-10-856022-4



9 780108 560224