



Social Security Administration Act 1992

1992 CHAPTER 5

PART XII

FINANCE

161 National Insurance Fund

- (1) The National Insurance Fund shall continue to be maintained under the control and management of the Secretary of State.
- (2) Accounts of the National Insurance Fund shall be prepared in such form, and in such manner and at such times, as the Treasury may direct, and the Comptroller and Auditor-General shall examine and certify every such account and shall lay copies of it, together with his report on it, before Parliament.
- (3) Any money in the National Insurance Fund may from time to time be paid over to the National Debt Commissioners and be invested by them, in accordance with such directions as may be given by the Treasury, in any such manner for the time being specified in Part II of Schedule 1 to the Trustee Investments Act 1961 as the Treasury may specify by an order of which a draft has been laid before Parliament.
- (4) The National Debt Commissioners shall present to Parliament annually an account of the securities in which money in the National Insurance Fund is for the time being invested.

162 Destination of contributions

- (1) Contributions received by the Secretary of State under Part I of the Contributions and Benefits Act shall be paid by him into the National Insurance Fund after deducting from contributions of any class, the appropriate national health service allocation in the case of contributions of that class.
- (2) The contributions referred to in subsection (1) above include those paid over to the Secretary of State by the Inland Revenue under section 16(4) of the Contributions and

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Benefits Act and paragraph 6(8) of Schedule 1 to that Act, but subsection (1) above is subject to section 16(5) of that Act as respects contributions from Northern Ireland.

- (3) The additions paid under section 1(5) of the Contributions and Benefits Act shall be paid, in accordance with any directions given by the Treasury, into the National Insurance Fund.
- (4) The sums paid to the Secretary of State by the Inland Revenue under section 16(4)(b) of the Contributions and Benefits Act and paragraphs 6(8)(b) and 7(7) of Schedule 1 to that Act in respect of interest and penalties recovered by them in connection with contributions of any class shall, subject to section 16(5) of that Act, be paid, in accordance with any directions given by the Treasury, into the National Insurance Fund.
- (5) In subsection (1) above “the appropriate national health service allocation” means—
 - (a) in the case of primary Class 1 contributions, 1.05 per cent. of the amount estimated to be that of the earnings in respect of which those contributions were paid at the main primary percentage rate;
 - (b) in the case of secondary Class 1 contributions, 0.9 per cent. of the amount estimated to be that of the earnings in respect of which those contributions were paid;
 - (c) in the case of Class 1A contributions, 0.9 per cent. of the amount estimated to be the aggregate of the cash equivalents of the benefits of the cars and car fuel used in calculating those contributions;
 - (d) in the case of Class 2 contributions, 15.5 per cent. of the amount estimated to be the total of those contributions;
 - (e) in the case of Class 3 contributions, 15.5 per cent. of the amount estimated to be the total of those contributions; and
 - (f) in the case of Class 4 contributions, 1.15 per cent. of the amount estimated to be that of the earnings in respect of which those contributions were paid.
- (6) In subsection (5) above “estimated” means estimated by the Secretary of State in any manner which after consulting the Government Actuary or the Deputy Government Actuary he considers to be appropriate and which the Treasury has approved.
- (7) The Secretary of State may, with the consent of the Treasury, by order amend any of paragraphs (a) to (f) of subsection (5) above in relation to any tax year, by substituting for the percentage for the time being specified in that paragraph a different percentage.
- (8) No order under subsection (7) above shall substitute a figure which represents an increase or decrease in the appropriate national health service allocation of more than—
 - (a) 0.1 per cent. of the relevant earnings, in the case of paragraph (a) or (b);
 - (b) 0.1 per cent. of the relevant aggregate, in the case of paragraph (c);
 - (c) 4 per cent. of the relevant contributions, in the case of paragraph (d) or (e); or
 - (d) 0.2 per cent. of the relevant earnings, in the case of paragraph (f).
- (9) From the national health service allocation in respect of contributions of any class there shall be deducted such amount as the Secretary of State may estimate to be the portion of the total expenses incurred by him or any other government department in collecting contributions of that class which is fairly attributable to that allocation, and the remainder shall, in the hands of the Secretary of State, be taken as paid towards the cost—

- (a) of the national health service in England;
 - (b) of that service in Wales; and
 - (c) of that service in Scotland,
- in such shares as the Treasury may determine.
- (10) The Secretary of State shall pay any amounts deducted in accordance with subsection (9) above into the Consolidated Fund.
- (11) Any estimate by the Secretary of State for the purposes of subsection (9) above shall be made in accordance with any directions given by the Treasury.
- (12) The Secretary of State may make regulations modifying this section, in such manner as he thinks appropriate, in relation to the contributions of persons referred to in the following sections of the Contributions and Benefits Act—
- (a) section 116(2) (H.M. forces);
 - (b) section 117(1) (mariners, airmen, etc.);
 - (c) section 120(1) (continental shelf workers),
- and in relation to any contributions which are reduced under section 6(5) of that Act.

163 General financial arrangements

- (1) There shall be paid out of the National Insurance Fund—
- (a) benefit under Part II of the Contributions and Benefits Act;
 - (b) guardian's allowance;
 - (c) Christmas bonus if the relevant qualifying benefit is payable out of that Fund;
 - (d) any sum falling to be paid by or on behalf of the Secretary of State under regulations relating to statutory sick pay or maternity pay; and
 - (e) any expenses of the Secretary of State in making payments under section 85, 97 or 99 above to the extent that he estimates that those payments relate to sums paid into the National Insurance Fund.
- (2) There shall be paid out of money provided by Parliament—
- (a) any administrative expenses of the Secretary of State or other government department in carrying into effect the Contributions and Benefits Act or this Act;
 - (b) benefit under Part III of that Act, other than guardian's allowance;
 - (c) benefit under Part V of that Act;
 - (d) any sums payable by way of the following—
 - (i) income support;
 - (ii) family credit;
 - (iii) disability working allowance;
 - (iv) rate rebate subsidy;
 - (v) rent rebate subsidy;
 - (vi) rent allowance subsidy;
 - (vii) community charge benefit subsidy;
 - (e) payments by the Secretary of State into the social fund under section 167(3) below;
 - (f) child benefit;

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- (g) Christmas bonus if the relevant qualifying benefit is payable out of such money;
 - (h) any sums falling to be paid by the Secretary of State under or by virtue of this Act by way of travelling expenses;
 - (i) any expenses of the Secretary of State in making payments under section 85, 97 or 99 above to the extent that he estimates that those payments relate to sums paid into the Consolidated Fund;
- except in so far as they may be required by any enactment to be paid or borne in some other way.
- (3) The administrative expenses referred to in subsection (2)(a) above include those in connection with any inquiry undertaken on behalf of the Secretary of State with a view to obtaining statistics relating to the operation of Parts I to VI and XI of the Contributions and Benefits Act.
 - (4) Any sums required by a secondary contributor for the purpose of paying any secondary Class 1 contributions which are payable by him in respect of an earner in consequence of the earner's employment in an office of which the emoluments are payable out of the Consolidated Fund shall be paid out of that Fund.
 - (5) Any expenditure in respect of the payment of interest or repayment supplements under or by virtue of paragraph 6 of Schedule 1 to the Contributions and Benefits Act or paragraph 6 of Schedule 2 to that Act shall be defrayed out of the National Insurance Fund in accordance with any directions given by the Treasury.

164 Destination of repayments etc

- (1) Subject to the following provisions of this section, so far as it relates to payments out of money provided by Parliament, any sum recovered by the Secretary of State under or by virtue of this Act shall be paid into the Consolidated Fund.
- (2) So far as any such sum relates to a payment out of the National Insurance Fund, it shall be paid into that Fund.
- (3) So far as any such sum relates to a payment out of the social fund, it shall be paid into that fund.
- (4) Sums repaid by virtue of paragraph 1(4)(e) of Schedule 9 to this Act as it has effect for the purposes of schemes under paragraph 2 or 4 of Schedule 8 to the Contributions and Benefits Act shall be paid into the Consolidated Fund.
- (5) There shall be paid into the National Insurance Fund—
 - (a) fees so payable under regulations made by virtue of section 62(2)(b) above; and
 - (b) sums recovered by the Secretary of State by virtue of a scheme under paragraph 2 or 4 of Schedule 8 to the Contributions and Benefits Act making provision by virtue of paragraph 4 of Schedule 9 to this Act.
- (6) Any sums paid to the Secretary of State in pursuance of section 82 above shall be paid—
 - (a) into the Consolidated Fund, to the extent that the Secretary of State estimates that those sums relate to payments out of money provided by Parliament; and
 - (b) into the National Insurance Fund, to the extent that he estimates that they relate to payments out of that Fund.

165 Adjustments between National Insurance Fund and Consolidated Fund

- (1) There shall be made out of the National Insurance Fund into the Consolidated Fund, or out of money provided by Parliament into the National Insurance Fund, such payments by way of adjustment as the Secretary of State determines (in accordance with any directions of the Treasury) to be appropriate in consequence of the operation of any enactment or regulations relating to—
 - (a) family credit;
 - (b) disability working allowance;
 - (c) statutory sick pay;
 - (d) statutory maternity pay; or
 - (e) the repayment or offsetting of benefit as defined in section 122 of the Contributions and Benefits Act or other payments.
- (2) Where any such payments as are specified in subsection (3) below fall to be made by way of adjustment, then, subject to subsection (4) below,—
 - (a) the amount of the payments to be made shall be taken to be such, and
 - (b) payments on account of them shall be made at such times and in such manner, as may be determined by the Secretary of State in accordance with any directions given by the Treasury.
- (3) The payments mentioned in subsection (2) above are the following, that is to say—
 - (a) any payments falling to be made by way of adjustment by virtue of subsection (1)(a) to (d) above;
 - (b) any payments falling to be made by way of adjustment in consequence of the operation of any enactment or regulations relating to child benefit—
 - (i) out of the National Insurance Fund into the Consolidated Fund, or
 - (ii) into the National Insurance Fund out of money provided by Parliament; and
 - (c) any payments falling to be made by way of adjustment in circumstances other than those mentioned in subsection (1) or paragraph (b) above—
 - (i) out of the National Insurance Fund either to the Secretary of State or another government department or into the Consolidated Fund; or
 - (ii) into the National Insurance Fund out of money provided by Parliament.
- (4) In relation to payments falling within paragraph (a) or (c) of subsection (3) above, subsection (2) above only applies in such cases or classes of case as may be specified by the Secretary of State by order.
- (5) There shall be paid out of the National Insurance Fund into the Consolidated Fund, at such times and in such manner as the Treasury may direct, such sums as the Secretary of State may estimate (in accordance with any directions given by the Treasury) to be the amount of the administrative expenses incurred as mentioned in section 163(2) (a) above, excluding—
 - (a) expenses attributable to the carrying into effect of provisions of the Contributions and Benefits Act or this Act relating to the benefits which by virtue of section 163(2) above are payable out of money provided by Parliament; and
 - (b) any other category of expenses which the Treasury may direct, or any enactment may require, to be excluded from the Secretary of State's estimate under this subsection;

but none of the administrative expenses of the Christmas bonus shall be excluded from that estimate by virtue of paragraph (a) or (b) above.

166 Financial review and report

- (1) As from the end of the period of 5 years beginning with 6th April 1990, or such shorter period as the Secretary of State may direct, the Government Actuary or the Deputy Government Actuary shall review the operation during that period of the 1975 Act and of Parts I to VI of the Contributions and Benefits Act (except Part I of Schedule 8) and this Act so far as it relates to those Parts.
- (2) As from the end of each review period, the Government Actuary or Deputy Government Actuary shall review the operation during that period of Parts I to VI of the Contributions and Benefits Act (except Part I of Schedule 8) and this Act, so far as it relates to those Parts.
- (3) For the purposes of subsection (2) above, a review period is—
 - (a) the period of five tax years, or
 - (b) such shorter period as the Secretary of State may direct in respect of any review,from the end of the last period to be subject to a review under this section.
- (4) It shall be the object of a review under this section to determine the extent to which the level at which the National Insurance Fund stands from year to year may be expected in the longer term to bear a proper relation to demands in respect of payments of benefit; and for this purpose the Actuary shall take into account—
 - (a) current rates of contributions;
 - (b) the yield to be expected from contributions in the longer term; and
 - (c) such other matters as he considers to be relevant as affecting the present and future level of the Fund.
- (5) After completing his review, the Government Actuary or Deputy Government Actuary shall report to the Secretary of State his opinion on the question referred to in subsection (4) above; and the Secretary of State shall lay a copy of the report before Parliament.

167 The social fund

- (1) The fund known as the social fund shall continue in being by that name.
- (2) The social fund shall continue to be maintained under the control and management of the Secretary of State and payments out of it shall be made by him.
- (3) The Secretary of State shall make payments into the social fund of such amounts, at such times and in such manner as he may with the approval of the Treasury determine.
- (4) Accounts of the social fund shall be prepared in such form, and in such manner and at such times, as the Treasury may direct, and the Comptroller and Auditor General shall examine and certify every such account and shall lay copies of it, together with his report, before Parliament.
- (5) The Secretary of State shall prepare an annual report on the social fund.
- (6) A copy of every such report shall be laid before each House of Parliament.

168 Allocations from social fund

- (1) The Secretary of State shall allocate amounts for payments from the social fund such as are mentioned in section 138(1)(b) of the Contributions and Benefits Act in a financial year.
- (2) The Secretary of State may specify the amounts either as sums of money or by reference to money falling into the social fund on the repayment or partial repayment of loans, or partly in the former and partly in the latter manner.
- (3) Allocations—
 - (a) may be for payments by a particular social fund officer or group of social fund officers;
 - (b) may be of different amounts for different purposes;
 - (c) may be made at such time or times as the Secretary of State considers appropriate; and
 - (d) may be in addition to any other allocation to the same officer or group of officers or for the same purpose.
- (4) The Secretary of State may at any time re-allocate amounts previously allocated, and subsections (2) and (3) above shall have effect in relation to a re-allocation as they have effect in relation to an allocation.
- (5) The Secretary of State may give general directions to social fund officers or groups of social fund officers, or to any class of social fund officers, with respect to the control and management by social fund officers or groups of social fund officers of the amounts allocated to them under this section.

169 Adjustments between social fund and other sources of finance

- (1) There shall be made—
 - (a) out of the social fund into the Consolidated Fund or the National Insurance Fund;
 - (b) into the social fund out of money provided by Parliament or the National Insurance Fund,such payments by way of adjustment as the Secretary of State determines (in accordance with any directions of the Treasury) to be appropriate in consequence of any enactment or regulations relating to the repayment or offsetting of a benefit or other payment under the Contributions and Benefits Act.
- (2) Where in any other circumstances payments fall to be made by way of adjustment—
 - (a) out of the social fund into the Consolidated Fund or the National Insurance Fund; or
 - (b) into the social fund out of money provided by Parliament or the National Insurance Fund,

then, in such cases or classes of case as may be specified by the Secretary of State by order, the amount of the payments to be made shall be taken to be such, and payments on account of it shall be made at such times and in such manner, as may be determined by the Secretary of State in accordance with any direction given by the Treasury.