

Up-rating report 2021 – focus on the National Insurance Fund

News story

The Government Actuary has published the Up-rating Report 2021 on the National Insurance Fund. It will be considered by MPs as they scrutinise draft government legislation.



The Government Actuary's [annual report on the National Insurance Fund](#) (NIF) has been published. The report:

- provides advice to MPs as they scrutinise the government's draft legislation for up-rating social security benefits and pensions and updating National Insurance Contribution (NIC) terms
- projects contribution income, benefit payments and the balance of the NIF over the coming financial years

Coronavirus impact

The coronavirus pandemic is impacting the NIF in several ways:

- increased levels of unemployment and lower salaries (for example where employees are furloughed) are reducing income to the NIF with receipts in 2020-2021 expected to be £5.4bn lower compared with the previous (pre-pandemic) projection last year
- payments of working age benefits are increasing while 'excess deaths' caused by the pandemic are reducing payments of pensioner benefits
- an unusual pattern of average earnings (ie a sharp drop followed by an expected recovery) is projected to cause state pension payments from the

NIF to be around £1bn per year higher from 2022 (than with a more even progression of average earnings)

Headline results

Allowing for the impact of the coronavirus pandemic the headline results are that:

- income is projected to exceed expenditure by £1.3bn increasing the NIF balance to £40.8bn by 31 March 2022
- costs of the proposed changes to NICs to be paid from April 2021 are projected to be £0.2bn
- costs of the proposed increases to benefits to be paid from April 2021 are projected to be £2.0bn
- the NIF is not expected to need any top-up from HM Treasury over the next 5 years
- 5-year projections show the NIF balance decreasing in each year from the end of 2023

All the headline results are sensitive to future economic conditions.

Remote working

In line with government guidance GAD staff have been working from home during the pandemic. Bringing together a remote team to deliver this report added a new dimension to this annual project.

GAD Senior Consulting Actuary Chris Morley led the project. He said: "People from across the department have overcome remote working barriers and carried out the complex modelling underpinning this report in a collaborative and effective manner.

"I'm proud to have led this team and they have produced this report on time and on budget in challenging circumstances."

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