These notes refer to the Public Service Pensions Act (Northern Ireland) 2014 (c.2) which received Royal Assent on 11 March 2014

Public Service Pensions Act (Northern Ireland) 2014

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Design

Section 9: Revaluation

Section 9 deals with the procedure for revaluing the earnings of active members of pension schemes made under section 1, where those earnings (or a proportion of those earnings) are used to accrue pension benefits. It is concerned with the revaluation of the accrued pension of active members of schemes and not the uprating or indexation of pensions that are deferred or in payment (for this see the Pensions (Increase) Act (Northern Ireland) 1971, and the consequential amendments in paragraphs 2 to 9 of Schedule 8 to this Act).

By subsection (1), section 9 applies to schemes made under section 1 of the Act where scheme regulations provide for the pensions of members of those schemes to be revalued (until those members leave pensionable service of that scheme) by reference to changes in prices or earnings over a period specified in the regulations. This will apply to all CARE schemes and, it is envisaged, the vast majority of pension schemes created under the powers in the Act.

Subsection (2) provides for the Department of Finance and Personnel to make orders which specify the percentage increase or decrease in prices or earnings for the purposes of the revaluation. It ensures that the measures of prices and earnings are used and applied on a consistent basis for revaluation across public service pension schemes.

Subsection (3) sets out that the Department of Finance and Personnel may determine the change in prices or earnings, by reference to the general level of prices or earnings, which is to be estimated by the Department of Finance and Personnel in a manner that it considers to be appropriate.

Subsection (4) states that an order under this section must be made annually and may make different provision for different purposes. This is to allow some flexibility to give effect to different agreements on revaluation made with representatives of members of different schemes. For example, the agreed scheme design for firefighters could include revaluation of accruals by reference to the general change in earnings, whereas the agreed scheme design for civil servants could include revaluation of accruals by reference to the general change in prices.

Subsection (5) sets out the procedure for Department of Finance and Personnel orders under this section. In cases where the order specifies a percentage decrease (which could happen where changes in prices or earnings are negative) it is subject to the affirmative procedure (as defined in section 34). In all other cases, the order is subject to the negative resolution .

Subsection (6) disregards any gap in a person's pensionable service of up to five years for the purposes of subsection (1), so accruals are revalued during the gap as if the person were an active member. This is to allow those persons who have taken a break from pensionable service of less than five years to be treated, for pension purposes, as if they had remained in pensionable service in the scheme. It relates only to the revaluation of benefits already accrued in the scheme and does not give pensionable rights in relation to the years not served in public service.