

## **EXPLANATORY MEMORANDUM TO**

### **The Health and Personal Social Services (Superannuation Scheme and Additional Voluntary Contributions), Health and Care (Pension Scheme) (Amendment) Regulations (Northern Ireland) 2013**

**S.R. 2013 No. 259**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Health, Social Services and Public Safety (DHSSPS) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Articles 12(1) and (2), 14(1), (2) and (3) and 19 of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972, and is subject to the negative resolution procedure.

#### **2. Purpose**

- 2.1. The main purpose of the regulations is to revoke cost sharing provisions and associated requirements to undertake historic scheme valuations used for determining employer and employee contribution rates.
- 2.2. The rule also makes a number of other miscellaneous and technical amendments.

#### **3. Policy Background – What is being done and why**

- 3.1. Previous reforms to the HSC Pension Scheme in 2008 established a mechanism for apportioning any increases to the cost of pensions. This arrangement provided that additional cost pressures would be shared between employees and employers up to a capped limit. It is supported by regular actuarial valuations of the scheme to analyse cost pressures. The Public Service Pensions Bill proposes a new mechanism to address valuations in scheme costs and will require scheme regulations to conduct actuarial valuations. (Amending regulations 14, 15, 18 and 19).
- 3.2. Employers are responsible for meeting the costs of paying benefits early on the grounds of redundancy. The current option for employers to pay costs by five equal annual instalments is rarely selected and has been withdrawn from 1 April 2013. Under certain terms and conditions of employment, members are entitled to claim unreduced pension benefits as an alternative to receiving lump sum redundancy payment from their employer. The amendments are made to better reflect this link to terms and conditions in Scheme Regulations. (Amending regulations 4, 5, 22 and 25).
- 3.3. Amending regulations 6 and 7 (with retrospective effect from 1 April 2008) permit married or civil partners to receive an appropriate survivor pension in circumstances where nomination occurred in service but marriage or partnership took place after retirement.

- 3.4. Amending regulations 8, 26 and 43 ensure (with retrospective effect from 1 April 2008) that a children's pension may be paid at the ongoing rate immediately following the pensioner's death rather than six months later, if that rate is higher than the rate of the late member's pension.
- 3.5. Amending regulation 9 implements the Pension Act 2008 intention to abolish from 6 April 2012 protected rights relating to contracting-out of State second pension for service transferred into the 1995 section of the HSC Pension Scheme.
- 3.6. Amending regulations 10, 11, 23, 24, 41 and 42 allow the retrospective cancellation of an additional pension purchase in circumstances where the Department has reasonable grounds to believe that a member's health will prevent them from completing the contract.
- 3.7. Amending regulations 13, 35 and 50 enable benefits to be withheld if a beneficiary fails to respond by a specified date to correspondence requesting information to establish entitlement.
- 3.8. Amending regulations 21 and 38 (with retrospective effect to 1 April 2008) correct a cross reference and provide that breaks in service of less than one month are disregarded for the purpose of determining qualifying service even where contributions have been refunded.
- 3.9. Amending regulations 28 and 44 (with retrospective effect to 1 April 2008) ensure that additional pension purchased by the member is correctly treated in abatement calculations.
- 3.10. Amending regulations 12, 29 to 34, 45 to 49 clarify the application of abatement provisions especially where a pension is paid for only part of a financial year.
- 3.11. Amending regulations 52 and 53 (with retrospective effect from 12 February 2007) ensure continuity of scheme liability to pay benefits even where there is a change of additional voluntary contribution underwriter.
- 3.12. Finally, amending regulations 3, 16, 20, 27, 36, 37, 39 and 40 also make minor updates to definitions and correct a cross reference.

#### **4. Consultation**

- 4.1. A targeted consultation exercise on the amending regulations began on the 16 July 2013 and ended on the 8 October 2013.
- 4.2. No responses were received.

#### **5. Equality Impact**

- 5.1. The Department concluded that the new arrangements were not likely to have a significant impact on equality of opportunity for any group referred to in section 75 of the Northern Ireland Act 1998 and therefore a full EQIA was not recommended.

#### **6. Regulatory Impact**

- 6.1. A regulatory impact assessment has not been produced for this rule as it has no impact on the costs of business, charities or the voluntary sector.

## **7. Financial Implications**

7.1. None.

## **8. Section 24 of the Northern Ireland Act 1998**

8.1. Legal advice confirms that the provisions of this rule comply with section 24 of the Northern Ireland Act 1998.

## **9. EU Implications**

9.1. Not appropriate

## **10. Parity or Replicatory Measure**

10.1. The amendments proposed mirror provisions introduced in England, Wales and Scotland.

## **11. Additional Information**

11.1. Not applicable.