

EXPLANATORY MEMORANDUM TO

The Health and Personal Social Services (Superannuation), Health and Social Care (Pension Scheme) (Amendment) Regulations (Northern Ireland) 2013

S.R. 2013 No. 73

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), (2), 14(1), (2) and (3) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. This rule amends two statutory rules relating to pensions and benefits provided for Health and Social Care staff; the Health and Personal Social Services (Superannuation) Regulations (Northern Ireland) 1995 (S.R.1995 No.95 – ‘the 1995 Regulations’) and the Health and Social Care (Pension Scheme) Regulations (Northern Ireland) 2008 (S.R. 2008 No.256 – ‘the 2008 Regulations’).
- 2.2. The key changes implemented by this rule include increases to contribution rates for members of the HSC Pension Scheme from 1 April 2013 and requirements for the automatic enrolment of members.

3. Background

Increases to member contributions

- 3.1 The UK Government announced plans in the 2010 Spending Review to produce £2.8bn savings per year by 2014-15 through increasing public service employee pension contributions by an average of 3.2 percentage points by March 2015. Contribution increases are to be phased in over 3 years from 2012/13 to 2014/15.
- 3.2 The first year of increases were applied from April 2012. The purpose of this statutory rule is to introduce the second increase from April 2013.
- 3.3 Amending regulations 6, 7, 12, 13 and 17 implement the new contributions rates that are tiered according to earnings in seven bandings. For 2013-14, staff earning up to £15,278 will have no increase, whilst those earning between £15,279 and £26,557 will see a minimal 0.3% increase. Members earning between £26,558 and £48,982 would have a 1% increase, whilst members earning £48,983 and above will see an increase of 2.4%.

Introduction of Automatic Enrolment Legislation

- 3.4 From 1 October 2012, the Pension Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010 require the automatic enrolment of workers into an occupational pension scheme, to encourage and enable low to moderate earners to save more for their retirement. HSC Pension Scheme already require auto-enrolment of all eligible staff on employment with a scheme employing authority.
- 3.5 However to become fully compliant, amending regulations 3, 4, 5, 9, 10, 11, 14, 15 and 16 introduce a requirement from 1 February 2013 (when the first HSC employers are affected by automatic enrolment) to automatically enroll or re-enroll staff who opt out of the HSC Pension scheme. Where such staff are ineligible for the HSC Pension scheme, enrolment would be into an alternative HSC employer pensions arrangement.

4. Consultation

- 4.1. The changes introduced by this statutory rule have been subject to statutory consultation which commenced 20 December 2012 ending 21 February 2013. Amongst those consulted were: HSC Trades Union representatives, HSC Employers; HSC Pension Service (the Scheme Administrators); Government Actuary's Department; and HM Treasury.
- 4.2. There was a total of 49 responses received – the vast majority (47) were from general practitioners, hospital doctors or consultants who replied using a template from the British Medical Association (BMA). Responses were also received from the BMA and the Northern Ireland Public Service Alliance (Nipsa).
- 4.3. Concerns were raised about the need for increases, affordability for staff and steepness of rises for higher earners.

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. It is general policy to mirror arrangements in GB in relation to pensions legislation. This rule mirrors provisions contained in legislation for NHS employees in England and Wales and Scotland which also come into effect from 1 April 2013.

11. Additional Information

11.1. Not applicable.