

EXPLANATORY MEMORANDUM TO
THE PUBLIC SERVICE (CIVIL SERVANTS AND OTHERS) PENSIONS
REGULATIONS (NORTHERN IRELAND) 2014

2014 No. 290

1. Introduction

- 1.1 This Explanatory Memorandum has been prepared by the Department of Finance and Personnel to accompany the above named statutory rule which is laid before the Northern Ireland Assembly.
- 1.2 The statutory rule is made under Section 1(2)(a) of the Public Service Pensions Act (Northern Ireland) 2014. The statutory rule must be laid in the Assembly and is subject to negative resolution.
- 1.3 The rule is due to come into operation on 1 April 2015. Part 1, regulations 138 and 182, Schedule 1 (payments for extra pension) and Schedule 2 (transitional provisions) come into operation after the end of the 21 day statutory period.

2. Purpose

- 2.1 The rule will enable the introduction of the new Career Average Re-valued Earning pension scheme for the Northern Ireland Civil Service as provided for by the Department of Finance and Personnel under Section 8(2)(a) of the Public Service Pensions Act (Northern Ireland) 2014. The introduction of this new pension scheme from 01 April 2015 implements the Coalition Government's main objectives to reform public service pensions in the United Kingdom based on recommendations made by the Independent Public Service Pensions Commission.

3. Background

- 3.1 Following the recommendations of the Independent Public Service Pensions Commission, chaired by Lord Hutton of Furness, all public service pensions are being reformed. The purpose of these reforms is to make public service pensions more sustainable and affordable in the long term, and fairer to both members and the taxpayer. People are living much longer, on average 10 years longer than was the case in the 1970s, and this means that the cost of providing public service pensions, including Civil Service pensions, has increased by a third in the last 10 years.
- 3.2 On 8 March 2012, the Northern Ireland Executive agreed to:

- i. commit to the policy for a new career average re-valued earnings (CARE) scheme model with pension age linked to State pension Age to be adopted for general use in the public service schemes; and
 - ii. adopt this approach consistently for each of the different public sector pension schemes in line with their equivalent scheme in Great Britain and not to adopt different approaches for Northern Ireland.
- 3.3 On 11 March 2014, the Public Service Pensions Act (Northern Ireland) 2014 “the Act” received Royal Assent. The Act introduced new requirements for each of the Northern Ireland public service pension schemes in terms of the scheme design and normal pension ages which they must operate from 1 April 2015.

4. Matters of special interest to the Committee for Finance and Personnel

- 4.1 None.

5. Consultation

- 5.1 The provisions of Section 21 of the Public Service Pensions Act (Northern Ireland) 2014 require that the Department carry out formal consultations with such persons (or representatives of such persons) as appear to the Department likely to be affected by the Regulations, prior to their introduction.

6. Position in Great Britain

- 6.1 Cabinet Office laid their 2015 scheme regulations for the Home Civil Service on 24 July 2014. Part 1, regulations 138 and 182, Schedule 1 (payments for extra pension) and Schedule 2 (transitional provisions) came into force on 15 August 2014, and the remaining provisions come into force on 1 April 2015.

7. Equality Impact

- 7.1 An Equality Screening exercise is not considered necessary since the introduction of the legislation will not differentially impact adversely on any of the groups identified at section 75 of the NI Act 1998.

8. Regulatory Impact

- 8.1 This legislation relates exclusively to the implementation of the new Career Average Re-valued Earnings Scheme and relates only to members of the PCSPS(NI). It imposes no costs on business, charities, social economy enterprises or the voluntary sector. A Regulatory Impact Assessment is not considered necessary.

9. Financial Implications

- 9.1 Failure to introduce the Public Service (Civil Servants and Others) Pensions Regulations (Northern Ireland) 2014 to facilitate the reform of the civil service pension scheme to the requirements and timescales advised by HM Treasury will effect a reduction in the Northern Ireland block grant funding currently estimated at £62m for the Principal Civil Service Pension Scheme (Northern Ireland).

10. EU implications

- 10.1 None.

11. Section 24 of the Northern Ireland Act

- 11.1 It is the view of the Department that the Regulations are compatible with section 24 of the NI Act 1998.