

**EXPLANATORY MEMORANDUM TO
THE PUBLIC SERVICE (EMPLOYER COST CAP) REGULATIONS
(NORTHERN IRELAND) 2015**

2015 No. 12

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 12 of the Public Service Pensions Act (Northern Ireland) 2014. Under section 12(9) it is subject to the negative resolution procedure.

1.3. The rule is due to come into operation on 1 April 2015.

2. Purpose

2.1. The regulations provide the legal framework for common standards for cost control processes in the Public Service Pension Schemes. These schemes will be established by April 2015 under the Public Service Pensions Act (Northern Ireland) 2014.

3. Background

3.1. This common approach for cost control processes was recommended by the Independent Public Service Pension Commission. It is designed to aid transparency and effective oversight of public service schemes, and to help ensure a fair balance of risk between scheme members and the tax payer is maintained across the schemes for the future.

4. Consultation

4.1. In accordance with section 12(10) of the Public Service Pensions Act (Northern Ireland) 2014, the Department has consulted with such persons as appear to the Department likely to be affected by the regulations.

5. Equality Impact

5.1. 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.

6. Regulatory Impact

6.1. This legislation imposes no costs on business, charities, social economy enterprises or the voluntary sector. A Regulatory Impact Assessment is not considered necessary.

7. Financial Implications

7.1. The regulations set out requirements for common standards for public service pension scheme cost control processes. In the long term the regulations are designed to manage future cost risks for employers and the tax payer and maintain the sustainability of the schemes. Failure to implement the reforms in the main schemes by April 2015 will incur a financial penalty by HM Treasury in the region of £300m for the first year.

8. Section 24 of the Northern Ireland Act 1998

8.1. Departmental Solicitor's Office has advised that the regulations are within the scope of Section 24 of the Northern Ireland Act 1998 and is therefore within competence.

9. EU implications

9.1. None associated with the regulations.

10. Parity or Replicatory Measure

10.1. HM Treasury introduced equivalent secondary legislation for the public service pension schemes in Great Britain which will be established under the Public Service Pensions Act 2013.