

EXPLANATORY MEMORANDUM TO

The Judicial Pensions (Amendment) Regulations (Northern Ireland) 2016

2016 No. 138

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Justice to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under sections 1, 2, 3, and paragraph 2 of Schedule 2 to, the Public Service Pensions Act (Northern Ireland) 2014 with the consent of the Department of Finance and Personnel and is subject to the draft affirmative resolution procedure.

2. Purpose

- 2.1. The purpose of the Statutory Rule is to make a technical amendment to the Judicial Pensions Regulations (Northern Ireland) 2015 to ensure the protection of increases to Guaranteed Minimum Pension (GMP) after the abolition of contracting-out. Provisions to implement the abolition of contracting-out of public service pension schemes are contained in the Pensions Act (Northern Ireland) 2015. The Judicial Pensions Regulations (Northern Ireland) 2015 established the Northern Ireland Judicial Pension Scheme (NIJPS).

3. Background

- 3.1. The current basic state pension and state second pension (S2P) are to be abolished on 6 April 2016 and replaced by a single-tier state pension. The abolition of the S2P will also mean the end of contracting-out. The Pensions Act (Northern Ireland) 2015 contains the measures to implement these changes.
- 3.2. The current members of the NIJPS are 'contracted-out' of the S2P. Current members are automatically opted-out and pay a lower level of national insurance contributions than otherwise would have been the case. In order to opt out, the NIJPS is required to provide a GMP broadly equivalent to the value that would have been received if members had remained in the S2P - this is part of the NIJPS pension. The requirement to pay a GMP was abolished as from 6 April 1997. Pension increases on the GMP are paid partly from the NIJPS and partly from the state pension. From 6 April 2016, NIJPS members who are currently contracted-out will no longer be so and, as a result, will have to pay increased national insurance contributions.

4. Consultation

- 4.1. The Department pre-notified those likely to be affected by the Statutory Rule of a targeted consultation which ran from 6 November 2015 to 20 November 2015. A single response was received (from a judicial association) which did not make any specific comments.

5. Equality Impact

- 5.1. Consideration has been given to compliance with section 75 of the Northern Ireland Act 1998 and no equality issues have been identified.

6. Regulatory Impact

- 6.1. A Regulatory Impact Assessment is not required as there is no impact on business, charities or voluntary bodies.

7. Financial Implications

- 7.1. The abolition of contracting-out will create additional inescapable financial pressures in the form of increased employer national insurance contributions.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. The Department considers the Statutory Rule to be in compliance with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. Not applicable.

10. Parity or Replicatory Measure

- 10.1. The Statutory Rule will mirror the provision contained in the scheme regulations for the non-devolved judiciary.

11. Additional Information

- 11.1. Not applicable.