

EXPLANATORY MEMORANDUM TO
THE PUBLIC SERVICE (CIVIL SERVICE AND OTHERS) PENSIONS
(CONSEQUENTIAL PROVISIONS) (AMENDMENT) REGULATIONS
(NORTHERN IRELAND) 2016

2016 NO. 34

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 in draft before the Northern Ireland Assembly.
- 1.2. The Rule was laid before the Assembly in draft under the affirmative resolution procedure. Draft regulations were approved by the Assembly on 2nd February 2016.
- 1.3. The Public Service (Civil Service And Others) Pensions (Consequential Provisions) (Amendment) Regulations (Northern Ireland) 2016 make consequential provision in relation to the new Northern Ireland Civil Service Pension Scheme under the Public Service Pensions Act (Northern Ireland) 2014 (c.2).

2. Purpose

- 2.1. The Regulations modify the effect of other statutory provisions in their application to Northern Ireland Civil Service pension scheme. This amendment is necessary to ensure the protection of increases in guaranteed minimum pensions after the abolition of contracting out.

3. Background

- 3.1. Changes required will will be made by draft affirmative resolution.
- 3.2. On the 26th February the Department made a set of regulations entitled “The Public Service (Civil Servants and Others) Pensions (Consequential Provisions) Regulations (Northern Ireland) 2015. These regulations related to scheme designs and the requirements of wider framework legislation which needed transitional or consequential modifications to the Public Service Pensions Act (Northern Ireland) 2014. As these regulations modified provisions of primary legislation they were subject to the affirmative procedure under section 24 of the Act.

- 3.3 These regulations were based upon a set of generic HMT regulations, which were adapted and modified accordingly. Regulation 10 of the original HMT regulations referred to “**Protection of increases in guaranteed minimum pensions after the abolition of contracting out**” As the abolition of contracting-out had yet to be provided for in NI legislation, the Department deferred the making of this regulation and it was therefore omitted from the set of regulations produced by the Department.
- 3.4 Schedule 13 to the Pensions Act (Northern Ireland) 2015, introduced in June 2015, now makes provision for the abolition of contracting-out. The 2015 Act modifies the definition of “cessation date” and specifically, introduces a date of 6 April 2016 for the abolition of contracting-out for salary related schemes.
- 3.5 The Department is now able to introduce the previously deferred consequential amendment for ‘**Protection of increases in guaranteed minimum pensions after the abolition of contracting out**’ under Section 3 of the Public Service Pensions Act (Northern Ireland) 2014.

4. Consultation

- 4.1. The Department of Finance and Personnel conducted a 4-week public consultation exercise on the draft Regulations (Northern Ireland) 2015, which ended on 13 November 2015. This was the subject of a shortened 4 week process with trades unions only, as the Regulations and the Act was already subject to a full public consultation. TUS did not have any objections and advised they would not be submitting a formal response.

5. Equality Impact

- 5.1. The Departmental Equality Officer has advised that as the abolition of contracting-out will apply to all pension schemes and that the percentage increase in guaranteed minimum pension is on a percentage basis, it will not differentially impact adversely on any of the Section 75 groups. An equality screening exercise was conducted and the protection of increases in GMP will not differentially impact adversely on any of the Section 75 groups.

6. Regulatory Impact

- 6.1. The policy relates exclusively to consequential provisions to be made under the Public Service Pensions (Northern Ireland) Act 2014. The Public Service Pensions Act (Northern Ireland) 2014 enabled the creation of a new career average pension scheme for the Northern Ireland civil service. It 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 effect of this consequential provision will see increases in National Insurance contributions for scheme members; however the increase in the personal allowance from 1 April 2016 will help offset this increase. Employer National Insurance contributions will also increase and the expectation is that employers will have to absorb these costs.

8. Section 24 of the Northern Ireland Act

- 8.1. As these changes will amend primary legislation in respect of the Public Service (Civil Servants and Others) Pension Regulations (Northern Ireland) 2014, section 24 of the Act will be engaged. It is the view of the Department that the Regulations are compatible with section 24 of the NI Act 1998.

9. EU implications

- 9.1. None.

10. Parity or Replicatory Measure

- 10.1. In Great Britain these changes were achieved through the introduction of secondary legislation at scheme level. A Statutory Instrument was made under the affirmative process and will come into operation by 6 April 2016.
- 10.2. A similar approach is required in Northern Ireland to introduce these changes. Section 3 of the Public Service Pensions Act (Northern Ireland) 2014 contains a power to make consequential provisions of this type. Our intention is that the required changes can be accomplished in one statutory rule to facilitate the timely introduction of these changes by 6 April 2016.

11. Additional Information

- 11.1. Margaret Coyle at the Department of Finance and Personnel (telephone 02871 319202 or email Margaret.coyle@dfpni.gov.uk) or Peter Philip (telephone 02871 310706 or email peter.philip@dfpni.gov.uk) can answer any queries regarding the Regulations.