

**EXPLANATORY MEMORANDUM TO  
THE TRANSFER OF FUNCTIONS (ROYAL MAIL PENSION PLAN) ORDER 2014**

**2014 No. 500**

1. This explanatory memorandum has been prepared by the Cabinet Office and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 The purpose of the instrument is to enable the Minister for the Civil Service to exercise certain functions under the Postal Services Act 2011 (the 2011 Act), in particular those which relate to the Royal Mail Statutory Pension Scheme (the RMSPS), concurrently with the Secretary of State. This will in particular enable the Minister to amend the rules of the RMSPS which are set out in the Postal Services Act 2011 (Transfer of Accrued Pension Rights) Order 2012. The instrument also amends the rules of the RMSPS so that functions given to the scheme by the Secretary of State (in practice the Secretary of State in the Department for Business Innovation and Skills (BIS), where the scheme was established), are now given to the Minister for the Civil Service (Cabinet Office) who has responsibility for managing the scheme .

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

**4. Legislative Context**

4.1 This transfer of functions order is made so that the legislative powers relating to the RMSPS can be exercised by the department with responsibility for the on-going management of the scheme.

4.2 No other legislation is affected by the changes.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

6.1 Francis Maude MP, the Minister for the Cabinet Office, has made the following statement regarding human rights:

In my view the provisions of the Transfer of Functions (Royal Mail Pension Plan) Order 2014 are compatible with the Convention rights.

## **7. Policy background**

7.1 The majority of powers of the Secretary of State (in practice the Secretary of State for BIS) in the 2011 Act relating to pensions have been exercised and are unlikely to be exercised again. However the powers also include the power to amend the rules of the RMSPS and this may need to be exercised in the future, for example to amend the scheme to take account of changes to relevant legislation or other changes in the law.

7.2 Since the management of the RMSPS passed to the Cabinet Office in April 2013 (which department has experience of managing pension schemes as it for example also manages the Principal Civil Service Pension Scheme (PCSPS)), it is appropriate that the power to amend the rules of the RMSPS can be exercised by the Minister for the Civil Service. The structure of the 2011 Act means that other powers are inextricably related to the power to amend the rules of the RMSPS and it is therefore appropriate that the order also applies to these related powers in the 2011 Act. It is also appropriate that the wording of the RMSPS reflects the fact that the Minister for the Civil Service now has management responsibility for the scheme.

7.3 The powers in the 2011 Act are to be exercisable concurrently by the Secretary of State as, in the unlikely event that any of the related powers need to be exercised again; it is probable that this would be a matter for the Secretary of State who has responsibility for the other parts of the 2011 Act.

7.4 In the event that changes to the RMSPS rules are needed, Section 20(6) of the 2011 Act and Schedule 2 to the Postal Services Act 2011 (Transfer of Accrued Pension Rights) Order 2012 protect RMSPS members' benefits by setting out restrictions on the powers to amend the rules. Those restrictions will apply to any amendments made by the Minister of the Civil Service in the same way as if the amendments were made by the Secretary of State, as do the consultation requirements in section 25 of the 2011 Act.

## **8. Consultation outcome**

8.1 The order has been prepared in conjunction with BIS. The Cabinet Office has also consulted the trustee of the Royal Mail Pension Plan, Post Office Ltd., and Royal Mail on the proposals and on a draft of the order.

8.2 The RMSPS Governance Group, who has stakeholders representing the scheme members (Unite, CWU, NFOP) were advised of the proposed transfer and the reasons for it.

8.3 No concerns have been expressed or objections raised and all parties are content with the form of the order.

8.4 No other stakeholders are affected by the provisions of this Order.

## **9. Guidance**

9.1 Guidance on how the rules of the RMSPS are to be amended will, if the need to amend them arises, be written and shared with those that Minister for the Civil Service is required to consult under the provisions of the 2011 Act and will also be discussed at the RMSPS Governance Group (the consultees are all members of the Group).

## **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 If there is a need to change any rules of the scheme, there is a statutory consultation process and this will also provide an opportunity to review the exercise of the functions which are the subject of this order.

## **13. Contact**

Catriona Flear, Head of Royal Mail Statutory Pension Scheme in the Cabinet office ([Catriona.flear@cabinet-office.gsi.gov.uk](mailto:Catriona.flear@cabinet-office.gsi.gov.uk)) can answer any queries regarding the instrument.