

EXPLANATORY MEMORANDUM TO

The Health and Personal Social Services (Superannuation), Health and Social Care (Pension Scheme) (Amendment) Regulations (Northern Ireland) 2011

S.R. 2011 No. 256

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the Department of Health, Social Services and Public Safety to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Articles 12(1), (2), 14(1) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. Active members of the HSC Pension Scheme may purchase ‘additional pension’ through the payment of additional voluntary contributions.
- 2.2. The main purpose of the rule is to change the index used to calculate the cost of living increases applied to the amount of ‘additional pension’ purchased before it comes into payment
- 2.3. This instrument also makes minor technical amendments relating to pension scheme regulations for Health and Social Care staff.

3. Background

- 3.1. Public service pensions are increased under the provisions of the Pensions (Increase) Act (Northern Ireland) 1971 and section 59 of the Social Security Pensions Act 1975. The latter provides for public service pensions to be uprated at the same time and by the same percentage as the increase in the additional State Pension, which is based on the September - to - September increase in prices. This will be based on the Consumer Price Index (CPI) measure from April 2011. This means that HSC Pensions in payment and in deferment will increase in line with CPI from April 2011.
- 3.2. Regulations covering both the 1995 and the 2008 Sections of the HSC Pension Scheme currently provide for the original amount of any ‘additional pension’ the member elected to buy to be uprated in line with changes in the Retail Price Index (RPI). This increase is applied up until the point the additional pension comes into payment (“a pre-payment increase”). Once in payment, the additional pension increases in the same way as the member’s earned pension, in accordance with the provisions of the Pensions (Increase) Act (Northern Ireland) 1971.
- 3.3. These amendments provide for pre-payment increases to ‘additional pension’ to move to the CPI basis where a contract is taken out on or after 1 April 2011. Existing contracts taken out before 1 April 2011 will continue to have pre-payment increases only applied in line with changes

in the RPI. These changes will be reflected in the future cost to members of buying additional pension.

4. Consultation

- 4.1. A formal consultation exercise on the amending regulations began on the 17 January 2011 and ended on the 16 February 2011.
- 4.2. Amongst those consulted were: HSC Trades Union representatives, HSC Employers; HSC Pension Service (the Scheme Administrators); Government Actuary's Department and HM Treasury.
- 4.3. No responses were received

5. Equality Impact

- 5.1. The Department concluded that the new arrangements were not likely to have a significant impact on equality of opportunity for any group referred to in section 75 of the Northern Ireland Act 1998 and therefore a full EQIA was not recommended.

6. Regulatory Impact

- 6.1. A regulatory impact assessment has not been produced for this rule as it has no impact on the costs of business, charities or the voluntary sector. Financial Implications.

7. Financial Implications

- 7.1. None.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. Legal advice confirms that the provisions of this rule comply with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. Not appropriate

10. Parity or Replicatory Measure

- 10.1. It is general policy to mirror arrangements in GB in relation to pensions legislation. This rule mirrors The National Health Service Pension Scheme (Amendment) Regulations 2011 (S.I. 2011/591) for NHS employees in England and Wales. Similar provisions will also be provided for NHS employees in Scotland.

11. Additional Information

- 11.1. Not applicable.