

EXPLANATORY MEMORANDUM

TO THE

The Police Pensions Regulations (Northern Ireland) 2015

1. This Explanatory Memorandum has been prepared by the Department of Justice to accompany the Statutory Rule (detailed above) which has been laid before the Northern Ireland Assembly.

1.2 The statutory rule is made under Section 1(2)(a) of the Public Service Pensions Act (Northern Ireland) 2014. The statutory rule must be laid in the Assembly and is subject to negative resolution.

1.3 The rule is due to come into operation on 1 April 2015. Schedule 5, (Amendment to the Royal Ulster Constabulary Regulations 1988) has effect from 1 July 2014.

2. Purpose of the Instruments

2.1 These Regulations will enable the introduction of the new Career Average Revalued Earning pension scheme for the members of the police service in Northern Ireland as provided for by the Department of Justice under Section 8(2)(a) of the Public Service Pensions Act (Northern Ireland) 2014 (the 2014 Act). The introduction of this new pension scheme from 01 April 2015 implements the UK Government's main objectives to reform public service pensions in the United Kingdom based on recommendations made by the Independent Public Service Pensions Commission.

2.2 In line with the intent of the Northern Ireland Assembly, these regulations amend the provision provided at section 30 in the 2014 Act (reinstatement of a widows pension following re-marriage) to include widows entitled to such a pension under the Royal Ulster Constabulary Pensions Order 1949 from 1 July 2014.

3. Legislative Context

3.1 The Regulations implement reforms to public service pension schemes and the reinstatement of widows' pensions on remarriage under the Public Service Pensions Act (Northern Ireland) 2014.

3.2 The 2014 Act was enacted in response to the Executive's agreed policy on pension reform which was based on the recommendations of the Independent Public Service Pensions Commission led by Lord Hutton of Furness. The Commission reported on 10 March 2011. Under the 2014 Act, new pension schemes ("new schemes") are being established for persons in public service, by Regulations ("scheme regulations") made under section 1.

4. Policy background

- 4.1 Following the recommendations of the Independent Public Service Pensions Commission, chaired by Lord Hutton of Furness, all public service pensions are being reformed. The purpose of these reforms is to make public service pensions more sustainable and affordable in the long term, and fairer to both members and the taxpayer. People are living much longer, on average 10 years longer than was the case in the 1970s, and this means that the cost of providing public service pensions, including police pensions, has increased by a third in the last 10 years.
- 4.2 On 8 March 2012, the Northern Ireland Executive agreed to:
 - (i) commit to the policy for a new career average re-valued earnings (CARE) scheme model with pension age linked to State Pension Age to be adopted for general use in the public service schemes; and
 - (ii) to adopt this approach consistently for each of the different public sector pension schemes in line with their equivalent scheme in Great Britain and not to adopt different approaches for Northern Ireland.
- 4.3 On 11 March 2014, the 2014 Act received Royal Assent. This Act introduced new requirements for each of the Northern Ireland public service pension schemes in terms of the scheme design and normal pension ages which they must operate from 1 April 2015.

5. Consultation

- 5.1 As required by section 21 of the 2014 Act, the Department of Justice has consulted the Northern Ireland Policing Board and the Police Association for Northern Ireland. The consultation was also extended to the Chief Constable of the Police Service of Northern Ireland.
- 5.2 In accordance with section 3(5) of that Act, the Department of Justice has obtained the consent of the Department of Finance and Personnel.
- 5.3 The draft regulations were issued for consultation from 4 July 2014 to 17 November 2014.

6. Equality Impact

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

7. Regulatory Impact

- 7.1 The Department does not consider that there is a need for a regulatory impact assessment for this instrument as it has no impact on business, charities or voluntary bodies.

8. Financial Implications

- 8.1 The Police Pensions Regulations (Northern Ireland) 2015 facilitate the reform of the police pension scheme to the requirements and timescales advised by HM Treasury. Failure to introduce these regulations would effect a reduction in the Northern Ireland block grant funding currently estimated at £60m for the police pension scheme in Northern Ireland.

9. Section 24 of the Northern Ireland Act 1998

- 9.1 The proposed legislation is considered compatible with section 24 of the Northern Ireland Act 1998.

10. European Implications

- 10.1 Not applicable.

11. Difference from Great Britain and reason

- 11.1 The PSNI Reserve (Part Time) is also included in the Northern Ireland regulations. GB does not have a similar paid reserve force.
- 11.2 Northern Ireland Regulations make provision for police trainees and since 1 April 2013, have included police reserve trainees. GB does not extend their police pension scheme to include trainees.
- 11.3 The provision in the 2014 Act to allow all widows to retain their pension after remarriage is not replicated in the Public Service Pensions Act 2013.

12. Parity or Replicatory measure

- 12.1 Similar legislation is being introduced on 1 April 2015 simultaneously in Scotland, England and Wales.

13. Additional Information

- 13.1 Not applicable.

