

## **EXPLANATORY MEMORANDUM TO**

### **The Health and Social Care Pension Schemes (Amendment) Regulations (Northern Ireland) 2024**

**S.R. 2024 No. 49**

#### **1. Introduction**

- 1.1. This Explanatory Memorandum has been prepared by the Department of Health (DoH) 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) and (3), and 14(1) and (2) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972 and sections 1(1) and (2)(e), 2(1) and 3(1) to (3) of, and paragraph 5 of Schedule 2 and Schedule 3 to, to (4) of, and paragraph 5 of Schedule 2 and Schedule 3 to, the Public Service Pensions Act (Northern Ireland) 2014<sup>(1)</sup> and is subject to the negative resolution procedures.

#### **2. Purpose**

- 2.1. This Explanatory Memorandum has been prepared by the Department of Health (DoH) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 2.2. The Statutory Rule will introduce changes to the employer contribution rate from 1 April 2024.

#### **3. Policy Background – What is being done and why**

##### **New employer contribution rate following scheme valuation**

- 3.1. A valuation of the HSC Pension Scheme was completed on 01 November 2023 (the ‘2020 valuation’). This valuation is an actuarial assessment of past and future pension benefits building up within the scheme and is carried out on a 4-year cycle. The results are used to determine the employer contribution rate required to meet current and projected scheme liabilities.
- 3.2. The previous member contribution rates were set for the four-year period 1 April 2015 to 31 March 2019. However, this rate was extended for an additional year, due to the lateness of the 2016 valuation results. As a result, the calculated Employer Contribution Rate from the 2020 valuation results is payable in respect of the period 1 April 2024 to 31 March 2027 with the period reduced to 3 years.

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<sup>1)</sup> 2014 c.2 (N.I.) section 3 was amended by section 94(11) to (14) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7)

- 3.3. Results from the 2020 valuation show an increase in benefit costs, requiring a 0.7 percentage point rise in the employer contribution rate to 23.2%. This figure has been confirmed by the Government Actuary's Department in their final 2020 valuation report. This increase equates to **£15 million p.a.** in 2020 monetary terms and is estimated to be **£19 million** in 2024/25.
- 3.4. Unless these rates are renewed or substituted with new rates, the HSC Pension Scheme will be unable to collect the correct employer rate from 1 April 2024. The 2015 regulations (regulation 32) will require to be amended to replace the current employer contribution rate with the new rate of 23.2% effective from 1 April 2024.

#### **4. Consultation**

- 4.1. A consultation ran from 13 November 2023 to 22 January 2024. The consultation also sought opinions on proposals to implement changes to the member contribution structure, changes to abatement provisions for special class status (SCS) members, changes to scheme access policy and small minor changes to the wording of the regulations.
- 4.2. Due to circumstances beyond the departments control we are not yet in the position to implement legislation for these other proposals. It is anticipated that new legislation will be made in the coming months to implement these proposals. The new employer rate needs to be legislated for and implemented by 1 April 2024 to ensure scheme efficiency. 7 responses were received as follows:-
- 4 Scheme Members
  - British Medical Association (BMA)
  - British Dental Association (BDA)
  - Royal College of Nursing (RCN)
- 4.3. Respondents to the consultation, in general, were supportive of the proposals.

#### **5. Equality Impact**

- 5.1. An Equality Screening/Impact Assessment (EQIA) and Rural Needs Impact Assessment were carried out by the Department and will be published on the Departments website in due course.

#### **Regulatory Impact**

- 5.2. It is not anticipated that there will be any adverse impact on business, charities social economy or voluntary bodies.

#### **Financial Implications**

- 5.3. The overall employer contribution rate will have an estimated increase of 0.7% from the previous rate of 22.5%, totalling 23.2% of pensionable pay per annum from 1 April 2024. This is estimated to be **£19 million** next year. This is an unavoidable cost to the Department.

**Section 24 of the Northern Ireland Act 1998**

- 5.4. Consideration has been given to the human rights implications of these regulations. They are considered compatible with section 24 of the Northern Ireland Act 1998.

**EU Implications**

- 5.5. None

**Parity or Replicatory Measure**

- 5.6. Similar legislation has been introduced for the NHS Pension Schemes in England, Wales and Scotland.

**Additional Information**

- 5.7. Not applicable.