EXPLANATORY MEMORANDUM TO

The Health and Personal Social Services (Superannuation), Health and Care (Pension Scheme) (Amendment No.2) Regulations (Northern Ireland) 2014

S.R. 2014 No. 225

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Health, Social Services and Public Safety (DHSSPS) 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) and (2), 14(1), (2) and (3) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972, and is subject to the negative resolution procedure.

2. Purpose

The key purpose of this rule is to accommodate within the HSC Pension Scheme regulations, HMRS's new fixed protection 2014 facility.

3. Policy Background – What is being done and why

3.1. HMRC with effect from 6 April 2014 has reduced the Lifetime allowance (LTA) from its current level of £1.5m to £1.25m. The LTA is the maximum amount of pension savings that an individual can build up that benefits from tax relief. If someone builds up pension savings worth more than the LTA then a tax charge is payable on the excess.

3.2. HMRC recognise that some scheme members may have already built up total pension savings of more than £1.5m or were planning to do so in the belief that the LTA would not be reduced and because of this they have introduced a new protection facility for individuals who may be affected: i.e. 'Fixed protection 2014'.

3.3. The introduction of this legislation will provide members of the HSC Pension Scheme with the opportunity to apply for fixed protection 2014 in line with members of the NHS Pension Schemes in England & Wales and Scotland

4. Consultation

4.1. The changes introduced by this statutory rule have been subject to statutory consultation which commenced on the 17 April 2014 and ended on the 30 May 2014. Among those consulted were HSC Trade Unions representatives; HSC Employers; HSC Pension Service (Scheme Administrators); DFP; the Government Actuary Department and HM Treasury.

4.2. 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.

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. The amendments proposed mirror provisions introduced in England, Wales and Scotland.

11. Additional Information

11.1. Not applicable.