

## **EXPLANATORY MEMORANDUM TO**

### **The Health and Personal Social Services (Superannuation) and Health and Social Care Pension Schemes (Amendment) Regulations (Northern Ireland) 2019**

#### **S.R. 2019 No. 62**

#### **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 (2A), 14(1) and (2) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972 and sections 1(1) and (2)(e) and 3 of, and paragraph 5 of Schedule 2 and Schedule 3 to, the Public Service Pensions Act (Northern Ireland) 2014 and is subject to the negative resolution procedures.

#### **2. Purpose**

The key purpose of this rule is to amend the employer contribution rate and renew the existing member contribution rates for the HSC Pension Scheme from 1 April 2019.

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

- 3.1. The Pension Scheme valuation is an actuarial assessment of the cost of past and future pension benefits building up within the scheme and is carried out on a four year and used to determine the employer contribution rate.
- 3.2. The valuation results indicate an increase in benefit costs, requiring a 6.2 percentage point rise in the employer contribution rate to 22.5%.
- 3.3. The current member contribution rates were set for the four-year period 1 April 2015 to 31 March 2019. This means that these rates must be renewed or substituted with new rates, or the HSC Pension Scheme will be unable to collect contributions from members from 1 April 2019 onwards. This is because the current rates expire on 31 March 2019.

#### **4. Consultation**

- 4.1. The changes introduced by this statutory rule have been subject to statutory consultation which commenced on the 14 February 2019 and ended on the 14 March 2019. Among those consulted were HSC Trade Unions representatives; HSC Employers; HSC Pension Service (Scheme Administrators); DoF; the Government Actuary Department and HM Treasury.
- 4.2. 34 responses were received. The majority of scheme member responses raised concerns about the use of whole time equivalent pay to determine a member's contribution tier and that contribution tiers should be index linked to avoid 'cliff edges' which result in members moving into a higher contribution tier following a pay increase.

4.3. Employer organisations and Trade Unions raised concerns about the financial impact of the 6.2% increase to the employer contribution rate, and the availability of funding to meet the cost.

4.4. The consultation response document will be made available on the Department of Health website [www.health-ni.gov.uk/consultations](http://www.health-ni.gov.uk/consultations)

## **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. Similar legislation has been introduced for the NHS Pension Schemes in England & Wales and Scotland.

## **11. Additional Information**

11.1. Not applicable.