



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Public Service Pensions Bill:
Consultation Responses

24 April 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mr Leslie Cree
Ms Megan Fearon
Mr Paul Girvan
Mr John McCallister
Mr David McIlveen
Mr Mitchel McLaughlin
Mr Peter Weir

Witnesses:

Ms Margaret Coyle	Department of Finance and Personnel
Mrs Grace Nesbitt	Department of Finance and Personnel
Mrs Blathnaid Smyth	Department of Finance and Personnel

The Chairperson: Grace, you are welcome. A number of issues were raised in the previous session, particularly regarding the figure of £262 million. Do you want to respond quickly to some of the issues raised in the previous session?

Mrs Grace Nesbitt (Department of Finance and Personnel): I would like to thank the Committee for the opportunity to attend. The key purpose of the session is to update the Committee on the initial outcome of the response to the consultation on the proposed Public Service Pensions Bill. As I go through this, I will try to pick up on the points made by trade union colleagues in the previous session. I will attempt to follow up on those, and if I cannot do so substantively today, we will do so in writing when we get the Hansard report, if that is acceptable.

It is useful to come here today. Any updates that I and officials can provide are helpful in progressing this important Bill through its stages. Let me say at the outset, as I have said before, that the timetable for the implementation of the Bill is extremely challenging, and there is a significant financial penalty. We can debate the quantum of that penalty, but it is accepted that if we depart from the provisions of the Westminster Bill, there will be a financial penalty. Given my knowledge of the world of pensions, my view is that it would be significant. However, we can pick up on that point later.

I welcome this opportunity and commend the Committee for inviting me. As has been said, it is important that the Bill has a speedy passage in the Assembly.

With your permission, I will recap little bit. I briefed the Committee on 9 January on the proposed Public Service Pensions Bill and its core provisions, timetables and financial implications. I will not

rehearse that again today. The proposed Bill has a cross-cutting effect and the Department of Finance and Personnel (DFP) is taking the lead role. We have established a central forum to facilitate consultation between representatives of each scheme impacted on by the Bill. That is the collective grouping, led by NIC-ICTU (Northern Ireland Committee, Irish Congress of Trade Unions), which has been established. We have also established a cross-departmental working group.

We have responded to the Committee on a number of the issues raised; again, I will not go into those in detail in this session. We have provided further updates on all the pension schemes affected by the Bill, clarification of how the drafting of secondary legislation will be sequenced, and the potential cost.

I will now comment in detail on the initial outcome of the policy consultation on the Bill. The consultation was launched in January 2013 and the closing date was 15 April. The purpose of the consultation document — just to remind members — was:

"to seek views on the policy underpinning the proposal for the introduction of a ... Bill in the Northern Ireland Assembly."

The consultation document was circulated to all relevant groupings and public service pension schemes, in line with the guidance produced by the Office of the First Minister and deputy First Minister for the distribution of departmental publications and consultation documents. We also issued individual letters to other public service pension schemes, notifying them of the exercise and advising them to instruct relevant stakeholders and business areas and bring it to their attention. We sent out a reminder about that in February.

Getting back to the responses, some came in after the deadline, and I will comment on them separately. I will deal with the responses that came in before the deadline first. There were 46 responses in total: 35 from individual public service members; four from organisational bodies; six from individual trade unions; and there was a collective NIC-ICTU response. There were also a number of responses that came in late. The advice that we have on those late responses is that we should accept them. We are keen to get as wide a view as possible from the consultation process. Among the responses that have come in late are responses from NASUWT, Arc21, Ballymena Borough Council, the South Eastern Health and Social Care Trust and one from an individual. I do not know what scheme that individual is associated with. We propose to accept those representations as it is, apparently, best practice to do so. I cannot comment on those because I have not seen some of them.

Of the individual comments in responses received before the deadline, 19 were from civil service scheme members; 10 were from teacher scheme members; two were from health; one from the police; and there were three others of an origin that could not be determined. The individual trade unions that responded were UNISON, NIPSA, FDA, UNITE, the Irish National Teachers' Organisation and the National Association of Head Teachers.

The Department had expected a larger number of responses on this cross-cutting policy. I certainly thought that we would have had more. I can only assume that members perhaps fed their comments into their respective trade unions, but I actually do not know. For example, I refer the Committee to an update that I gave, wearing my purely Civil Service hat, on the consultation that we had about the year 2 increased contributions. On that occasion, the Department received 147 responses, which may have been as a result of a campaign letter that was issued to members by their union encouraging them to respond. I had expected more responses to this particular consultation exercise, given that it is so cross-cutting and across the schemes, but that has not been the case.

I will give my very initial analysis of the responses received. I think that it has been mentioned that we will be back to give a more detailed session, proposed for 8 May, to deal in substance with the responses because I am really not in a position to do that today. The vast majority of respondents submitted their views on aspects of the public service pension reforms that were outside the remit of this consultation. However, they used it to express their general disapproval and rejection of the overall austerity measures and of what was happening in the economy. Setting that aside, the responses fell into a number of broad areas and we can question and query these. The six broad areas on which I will touch are: first, the overall need for reform of public service pensions; secondly, managing pension costs and actuarial analysis; thirdly, the core provisions and the impact on public servants; fourthly, the move away from final salary and to the career average revalued earnings; fifthly, the linking of normal retirement age to state pension age; and, sixthly, issues around the screening-out of a full equality impact assessment. As I said, I am not in a position today to comment

on those in detail. We will do that in a further session on 8 May, and we will, of course, provide the Committee with a written document in advance of that meeting.

With your permission, I will attempt to pick up on some of the points that were made in the previous evidence session, with the caveat that I may not have got them all. If the Hansard report shows that I have missed any, I and my colleagues will be happy to deal with them. Is that OK? Is that acceptable?

The Chairperson: Yes.

Mrs G Nesbitt: I will address points from the previous evidence session but perhaps not in the order that they were mentioned. The impact on the economy and the impact of people working longer and its impact on youth unemployment were mentioned. I remind the Committee that, because of age-equality regulations, we now effectively have no retirement age. I was trying to remember when the compulsory age of retirement was abolished in the Civil Service, because that was implemented before the legislative change. I must confess that I cannot remember the date. We have a growing trend of people choosing to work longer because we no longer have a retirement age for the Civil Service. I just wanted to bring that to the Committee's attention. Also, the Civil Service does not have a recruitment freeze at this time. We have actually had significant recruitment as well, but, again, it would be for other colleagues in corporate HR to provide more details on that. I just wanted to correct those points.

The decision taken by the Executive on 8 March last year was not actually a result of the three strikes. That was a later decision in November that was taken. Also, at that stage, and I think that it is apparent from the information that we have now provided to the Committee about the estimate that the Government Actuary's Department (GAD) did, the Executive, at that date in March, did not have any figures. We had said that there would be a cost, but we were not in a position to give them any figures, and the decision was made without the Executive having any figures. I just wanted to share that factual information. The figures from GAD were requested and provided over the summer to enable the Executive to have further information. I have always maintained that it was an estimate. It was to enable the Executive to have further information to help them to determine which legislative route they wanted to adopt to implement the decision that they had made in March, a few months earlier.

The key decision in November, as members are aware, was whether we went with the legislative consent motion with the Westminster Bill or whether we did our own pensions Bill. The outcome is obvious, and that is why we are here today. The figures, I suppose, to be honest, were to highlight the risk of any delay and what the consequences of delay would be. That is why the figures were required to help inform the subsequent decision. I just wanted to clarify those points.

I will hand over to my colleagues. Blathnaid will deal with the broader equality issues that have been raised, and then Margaret will deal with the latest update from Westminster — ping-pong, as it is called — and also fair deal. I think those are most of the points that were made, but there are others that we will pick up on. I will hand over to my colleague Blathnaid, who will deal with some of the points around the equality issues.

Mrs Blathnaid Smyth (Department of Finance and Personnel): The screening exercise addressed the core provisions of the Bill. It has to be remembered that it is a framework Bill. The core provisions will apply to all public service pension schemes. The screening exercise identified minor impacts on areas of age and gender, so it did not screen out everything. It acknowledged that there were impacts, but concluded that those impacts are mitigated or are attributable to factors external to the policy.

With regard to age, it was determined that that was mitigated through the transitional protection measures that are included in the Bill. Also, the policy reflects the Government's approach of removing default pension ages to address trends in longer life expectancy and historical inequalities. Newer, younger staff have higher pension ages than the older staff because of the reform of schemes in the past. In relation to the gender issue, there is the issue of longer life expectancy of women. That is partially mitigated by trends of longer life expectancy in general, but, importantly, although women are expected to live longer, in the public service, men typically earn more. In introducing the career average schemes, higher earners will continue to receive higher pensions, but with a fairer, more proportionate method of calculation.

That equality impact assessment will be reviewed as the Bill is introduced and passes through the Assembly process. Any further information coming out at that stage will be considered.

The Chairperson: Can we request a copy of the equality screening exercise for the Committee's information?

Mrs Smyth: Yes, we can send that. No problem.

Mrs G Nesbitt: It is publicly available. I think we may have sent the link earlier, but we can do that again. I will take a note to do that. I will pass over to Margaret.

Ms Margaret Coyle (Department of Finance and Personnel): I will update the Committee, and, indeed, trade union side, on the ping-pong process. The Lords amendments were considered in the House of Commons on 22 April, and they were all agreed bar two. The two that will be going back to the House of Lords are, obviously, the provisions for the Ministry of Defence police and firefighters in relation to the age of retirement. With the exception of those, the rest of them have been agreed, and we can certainly keep you updated on the Lords process in relation to that.

There has never been legislation for fair deal before. It has never been legislated for or been in the scheme rules. There is nothing specific in the provisions of the Bill that relates to fair deal itself. However, there are two provisions allowing for the transfer of staff from one scheme to another and to retain the rights within the current scheme that they are in. It may be helpful if I provide those particular clauses and provisions in the Bill that cover the issues around the fair deal policy.

The Chairperson: OK. In regard to the £262 million figure again, in tab 2D of the Bill folder, page 2 of annex A, there is a letter that the Government Actuary's Department sent to DFP. In that letter, GAD stated:

"the costs in respect of the other Northern Ireland schemes will be different and we would be happy to provide estimates of the costs for those schemes."

Did DFP respond to that or take up that offer?

Mrs G Nesbitt: No.

The Chairperson: Why not?

Mrs G Nesbitt: The cost of using GAD is very high. That would be the first point.

The Chairperson: How much would it be?

Mrs G Nesbitt: I cannot give you an exact cost. The cost of the initial estimate that we got was around £10,000 or £11,000. So that was the first thing. There is a cost. We know that there will be a cost if we do not implement the key provisions of the Westminster Bill on time. We are aware of that, and I think that the issue is what the quantum of that cost will be, so I emphasise that there is a cost. It is about how much we want to spend refining that cost figure and how wise a use of public money that is. That is the first point.

The second point is that to go in, scheme by scheme, and do a detailed piece of work, you really are talking — if any of you have any experience of using GAD, you will know that it is very expensive. That is not a reflection on them. The cost of doing that scheme by scheme and getting a more detailed, refined analysis would be thousands and thousands of pounds. I can reflect on that and try to give a more accurate figure, but it could be over £100,000 per scheme.

The Chairperson: The point is that we do not actually have any real indication of how much would be saved. The Minister obviously majored on that particular figure, but he did not major on the fact that there is a huge health warning attached to it. It certainly affects the confidence the public may have in this Bill that this figure has been attached to it. The offer from GAD was not taken up, and it is effectively a figure for health, as opposed to the public sector as a whole.

Mrs G Nesbitt: I have always been clear, and Minister Wilson has always been clear when he has been giving information about the structure of and rationale for the costs, that indeed it was based on health. The figure for health representing 7% of the pensionable pay bill was applied across the other schemes to give an estimate and a sense of the quantum that we are talking about. In my previous session before the Committee, I indicated that the figure could be half wrong or half right depending on way you want to look at it. However, even if it was out by that much, we would still be talking about a huge impact on the Northern Ireland block.

The Chairperson: What is the margin of error on the figure of £262 million?

Mrs G Nesbitt: I could not comment on that. I am not a government actuary.

The Chairperson: Then how do we know?

Mrs G Nesbitt: I am just giving that as an example.

The Chairperson: It is a very rough figure, then.

Mrs G Nesbitt: Yes, but if I was looking at something as an individual and trying to think, to me, 50% out — given that the Government Actuary's Department is well qualified, and it decided to look at the health scheme. We explained what we wanted, and it picked health, I suspect because it is the biggest scheme in Northern Ireland. I surmise that, even if that figure was half wrong — I am not an economist or a government actuary —

The Chairperson: As a 50% —

Mrs G Nesbitt: Even if it was 50% wrong, as a taxpayer in Northern Ireland, I would think that that would be a huge hit. We would lose £131 million. I am not saying that it is 50% wrong. I am just giving that by way of example. The sense that we wanted to convey to the Executive was that we are talking about a lot of money.

The Chairperson: Henceforth, are there any plans to try to tie down a more specific estimate through GAD or any other avenue?

Mrs G Nesbitt: Not at this point. The further work that is required would be for each scheme and each responsible Department and Minister to consider, if they wanted to go down that route. That is really what GAD is saying. To do more detailed work, it would need to look at each scheme, scheme by scheme. There are variances within the scheme; I accept that. That is why we have been clear in saying what the basis of the figure was, that it was an estimate, that it was based on health and it was — *[Inaudible.]* So it would be for each scheme and for each Minister to determine whether they wanted to spend more money on their particular sector and scheme and to engage GAD and to do more work.

The Chairperson: Has that been proposed to other Ministers and Departments?

Mrs G Nesbitt: The information from GAD has been shared, so they are certainly aware of it. It is up to them to decide whether to do it. That would be a matter for each scheme to decide.

Mr Mitchel McLaughlin: We have to try to be fair to everybody. If this revolves around the debate about the impact on the block grant, and we have a figure that nobody appears to be able to stand over, even if it is 50% wrong, which, by the way, would be an awful headline, if it goes out of this discussion, we still would not have room to manoeuvre, even though it is accepted that there is significant room for variance in how the scheme is applied here.

Mrs G Nesbitt: I will pick up on that, but it may not be the answer that you are expecting. Just to be clear, because I am reluctant to see a headline in the 'Belfast Telegraph', 50% is my sense as an individual —

Mr Mitchel McLaughlin: You might be too late.

Mrs G Nesbitt: I might be, and then I will be called to answer. I am just giving that, as a sense, to say it was an estimate. I have always been clear with the Committee and in every forum to say that that was an estimate. I am just giving you an example. I think that 50% wrong would be unrealistic; I would be amazed if the estimate was 50% wrong. I want to be clear about that and put it on the record. I am saying that if it was at the extreme of 50% wrong, it would still be a huge amount of money for the Northern Ireland block to lose. It was in that context that I was using the 50%.

I will pick up on Mitchel McLaughlin's point on the variances of scheme. We provided you with information on that. A cost envelope will be determined for each scheme within each sector, and, within that, there will be scope for variances in the detail of the actual scheme rules and the specifics of the scheme. That is where a particular Minister has scope and has it within their remit to vary that. That was conveyed some time ago. If they stick within the overall cost envelope that is determined for their scheme, there is, obviously, no wider cost consequence for Northern Ireland. However, it has also been made clear that if they decide to be more generous with some aspect of their scheme, and it goes outside that cost envelope, the thinking is that that extra cost would be drawn from whatever the spending was on that particular sector. Our Minister thought it was important, and I thought that it was important, that other Ministers were aware of that. So, a Minister, if he wanted, could spend more on their particular scheme, but they would have to meet the extra cost from their sector's budget. I am not sure if that is what you were touching on or not.

Mr Mitchel McLaughlin: No, it is; it is fair enough. You are setting it out from a particular perspective. We all understand that. However it is done, it comes back to the question posed by the Chair. First of all, GAD tells us its methodology, and it accepts as a matter of fact that the cost of the other schemes here will be different. It just tells us that they will be different. That begs the question: why do we not just establish the facts? Quite often, we get a cost argument against doing what otherwise would be regarded as good and prudent business practice. You would not put together a business plan without evaluating the costs. If we are getting an estimate based on one particular scheme, and that is applied across all the others, and the authority that is doing that tells us that the outcomes will be different for those respective schemes, I do not understand why your Minister has not even engaged in discussions encouraging collaboration across the Executive to commission a comprehensive costing so that people know.

I think we have to be fair to everybody, going back to my starting point. A cost to the block grant would be regarded as a significant aspect, but a cost to individuals is hugely important as well. We are talking about people who are considering having an extended working life over and above what they had expected, up until relatively recently, or a retirement of penury and poverty. I do think that there are other considerations. If there are variances that can be applied regionally, I want to have a good, hard look at them, and I certainly want to be convinced that the Executive have taken a good, hard look at them.

Let me give another example. We are told in the trade unions submission that unions have pressed for, and to date been denied, with the exception of NILGOSC, the full scheme triennial actuarial assessments. Why are they not being given that information? Why do we not do business in a more sensible, open and transparent fashion? They have to justify to their members their stance in negotiations and what they agree to. At times, that can be a very unpalatable experience. Why are we withholding information that is relevant to that discussion?

Mrs G Nesbitt: Just to be clear, it is not that we are withholding information that we have. That information is not available, because those valuations were suspended and did not happen. Minister Wilson wrote, some time ago, to other Executive Ministers to advise them of that. That has not been challenged by any Executive Minister. The reason why the valuations were suspended was —

Mr Mitchel McLaughlin: Sorry. Could you just explain, as you are going through that, who suspended them?

Mrs G Nesbitt: It was the line that was taken, certainly by the coalition Government, and other Executive Ministers here were written to and advised of that. I can check, but I do not recall getting any response about that.

Mr Mitchel McLaughlin: I am trying, because it is relevant, to get at whether our Ministers, either by omission, neglect or commission, suspended the process, or was the decision made at Westminster and not challenged? Which was it?

Mrs G Nesbitt: The decision was taken at Westminster, and it was then up to us to consider what stance —

Mr Mitchel McLaughlin: So, we could have produced —

Mrs G Nesbitt: In theory, yes; we could have gone ahead. A Minister here could have decided to proceed with their valuation, had they wished. To my knowledge, that did not happen.

Mr Mitchel McLaughlin: Did your Minister, and our Minister, give them an option or a recommendation?

Mrs G Nesbitt: I will just check the correspondence and respond to the Committee in writing on that. That correspondence was some months ago. I will check that and provide you with a written update.

Mr Mitchel McLaughlin: I have one final point, which I addressed in the earlier session, so you may have picked up on it. Clearly, there is a difficulty. There is no point burying our heads in the sand. I have described it as a cake that was baked by someone else, and we as an Administration have the job of dividing it up as best we can.

Mrs G Nesbitt: I could not possibly comment on cake baking.

Mr Mitchel McLaughlin: And some cakes taste better than others. *[Laughter.]* Decision-making requires that you create or identify some other forms of revenue to provide that extra expenditure or you identify a programme spend that you will abandon to give you that flexibility.

Mrs G Nesbitt: Yes.

Mr Mitchel McLaughlin: An argument is being made here that the methodology that has been applied to produce an estimated cost will impact on the block grant. That is probably not the best way to run a business. You should know what the costs are. If you were in business, you would be very determined to know precisely what the factors were. Can we not have an approach that provides full information to Assembly Members, who are going to vote on this; to Ministers, who are going to make decisions; and to the trade union side, which has to represent the staff side in all this? Can we not have factual assessments, including the socio-economic impacts? If we extend the working age programme, that will have a direct impact on accessibility to the labour market for people leaving school and coming into the labour market, graduates who are looking for career opportunities and people who are looking to return to employment. Decisions like this are key strategic discussions and have those impacts. We know that before we get into it, but we do not quantify what those impacts are and factor that into the block grant. Has the Department, or have you as officials supporting your Minister, considered commissioning that type of study? That would tell us what the holistic impacts and costs involved in this change of policy are — a policy that is being driven from Westminster and applied here.

Mrs G Nesbitt: It is an issue that trade unions have raised with us in the meetings. It has not been considered to date, and it was not requested at any stage by any Minister. It certainly was not requested when the Executive made the decision, on 8 March last year, to adopt this policy.

Mr Mitchel McLaughlin: I know that if I ask you whether you considered it and provided an options paper, you would not tell me, because it is private between you and the Minister. Is that not right? *[Laughter.]*

Mrs G Nesbitt: I am sure that you are absolutely right, and thank you for your guidance. *[Laughter.]*

Mr Mitchel McLaughlin: The Committee may take a view on some of that stuff. Thank you very much.

Mr D Bradley: You mentioned the general issues that were raised in the consultation and said that you would come back to brief the Committee in May.

Mrs G Nesbitt: Yes.

Mr D Bradley: What will you have back for us in May?

Mrs G Nesbitt: We hope to have our collective response to the consultation responses that we have received. There will be a document provided that sets out that in detail, because some of the responses that we have received are very detailed. That is why I am not in a position to comment today. Just as we have updated you on previous consultation exercises, this will follow the same pattern; we will be able to give you our view then, but I am not in a position to give it today.

Mr D Bradley: What is the timeline for the draft Bill?

Mrs G Nesbitt: We still hope to adhere to the timeline that was already provided to the Committee for the draft Bill, so we intend to have it introduced in the Assembly prior to summer recess.

Mr D Bradley: OK.

Mrs G Nesbitt: Sorry, if I can just elaborate, obviously it will have to go the Executive in advance of that, and obviously there will be further sessions with the Committee late in May. Indeed, I think that one session is already pencilled in for 19 June, and there may need to be more sessions.

Mr D Bradley: Remind me of the time schedule for the Bill. You said that it would be introduced in the Assembly in June?

Mrs G Nesbitt: Yes.

Mr D Bradley: Will the Committee Stage run, then, through the summer?

Mrs G Nesbitt: Yes. The Committee Stage will actually run from July to November, because obviously it is over the summer months.

Mr D Bradley: Thank you.

Mr Girvan: Thank you for your presentation to the Committee. I want to come back to a point. I appreciate that we are dealing with information that we do not have a full picture of, and I understand the costs associated with getting some of that information. However, we are attempting to deal with it. People are coming forward. I may have picked it up wrongly earlier, but a figure of £300 million was mentioned for youth unemployment. I want to make sure that that is the figure.

Mr Mitchel McLaughlin: That is the figure that we were given, yes.

Mr Girvan: That £300 million would equate to somewhere in the region of 4.1 million young people being unemployed in Northern Ireland. It must be calculated on a national scale, because it could not equate to Northern Ireland. We know what the benefit rates and suchlike are and how much that would cost. I want to try to extrapolate more detail of where the £260 million is rounded up across all the Departments. I appreciate that they have only focused on one specific area and a 7% calculation of what their take is. It would be helpful, from our point of view, to have the other information. I know that a decision has to be made as to whether we spend to extract that full detail. Some amendments have already gone through. How do they vary what was originally proposed? It is relatively early days, but it would be helpful to get some of that information back.

Mrs G Nesbitt: We will certainly reflect on the amendments to the Westminster Bill during its passage. I emphasise that I am not an actuary, but I do not think that there is anything that would be substantial in the initial work that GAD did for us last summer that is going to have an impact on its estimate of £262 million. We will consider that, look through it and provide that information to the Committee.

Mr Girvan: I would appreciate that. My other point is in relation to some ignorance, maybe, as to where our budgets come from. We have one budget, this pension budget. If we make any variance to what has been approved at Westminster, it will have a direct impact upon what Departments have to spend, as it will be clawed back, as opposed to trying to link it into another budget, the social security budget, which is not attached to our block grant. Therefore, as a rule, the people of Northern Ireland will not have their public sector services affected because of any variances that we make. That is just for clarification on that point, because it was brought out earlier.

We now need to look at more detail in relation to other Departments, so that we can at least make a measured judgement. In some places where you will say that is well worth taking the hit for that amount, if this is what we can deliver for it, we have a judgement to make. You can only make a judgement when you have the full picture. I work on the basis that if they were 25% wrong, we would still be in and around £200 million — well, £197 million — so that is another way of looking at it. However, I cannot see them being that far out. If they were briefed to come up with a fairly accurate figure, a ballpark figure, as to where this is going to hit, we need to know the full facts. I appreciate that to do that might mean going back and asking the direct questions. The time frame for doing so is getting narrower. However, we need to have more information.

Mrs G Nesbitt: We will consider that, and it will be for each Minister and Department to decide whether they want to make that expenditure to get a more refined estimate for their particular scheme and sector. It will be extremely costly, but it will be a decision for each Minister and Department. Certainly, we can relay that back, because we have a meeting tomorrow with officials. It is something that they have been asked to consider.

Mr Cree: It looks like a disappointing result, then, from the consultation.

Mrs G Nesbitt: Yes.

Mr Cree: I take it that each scheme has its own actuarial advice setup. Is that true?

Mrs G Nesbitt: Each scheme does, and most use the Government Actuary's Department. Only the smaller ones —

Mr Cree: They would use the Government Actuary's Department?

Mrs G Nesbitt: Yes.

Mr Cree: That is disappointing. If they are using that, surely we have all the information that we need? If the individual ones are working with GAD, as you call it, all that information must surely be there. The value of the schemes must be there.

Mrs G Nesbitt: No. Sorry. Let me clarify that. The exercise that we did last summer was a special exercise to see what the cost would be. Just to reiterate, the exercise was commissioned to look at the cost of delay and to try to give an estimate for it. That work has not been carried out by each scheme, so for that figure to be more refined, scheme by scheme, each Minister or Department would have to request the government actuary to come in and do that specific piece of work. Most of the main schemes — in fact, probably all of them — use the Government Actuary's Department in their normal scheme valuations and the exercises that they have to carry out. They have not commissioned this piece of work to date.

Mr Cree: You said that the cost of that would be quite high. However, I suggest to you that most of that work has already been done with the individual schemes by way of annual reports. No?

Mrs G Nesbitt: No. It is not done. It would have to be a special exercise and it would be quite a detailed and expensive piece of work to do.

Mr Cree: How would it vary from the overall financial statement at the end of each period?

Mrs G Nesbitt: That is based on the old scheme. This is looking at going forward and implementing the new scheme. That detailed information would have to be obtained. A special exercise would have to be carried out by the government actuary. It has not been done. However, it is a fair point that —

Mr Mitchel McLaughlin: Would you mind my asking a supplementary question on that?

Mr Cree: Go ahead.

Mr Mitchel McLaughlin: You have a costing based on delay.

Mr Cree: Yes.

Mr Mitchel McLaughlin: Was that a delay for a day, three months or a year?

Mrs G Nesbitt: It was estimated for the first year of delay. As I have said before, that figure may go up if we delay for more than a year.

Mr Mitchel McLaughlin: So, if we delayed for a week, it would not be £262 million?

Mrs G Nesbitt: Absolutely not. I am sure that somebody could do a sum and give the daily rate.

Mr Mitchel McLaughlin: I am making a point. We would not go for the most expensive option just to get it out of our system; would we?

Mrs G Nesbitt: Absolutely not. If you like, I can divide that by 365 and present what the daily rate would be.

Mr Mitchel McLaughlin: I do not think that you need to do that, but it would be very interesting to see the terms of reference in case we decide to apply it across the other schemes.

Mrs G Nesbitt: To be fair, I have always made it clear that that is the cost of delay for a year. I do not think that I ever claimed that it was for a day.

Mr Mitchel McLaughlin: I missed that point, then, all along.

Mrs G Nesbitt: Did you think that it was for a day?

Mr Mitchel McLaughlin: No, I did not. *[Laughter.]*

Mrs G Nesbitt: I just wanted that on record.

Mr Mitchel McLaughlin: And I do not think it is — well, I had better not say that.

Mr D McIlveen: It is not your salary we are talking about, Mitchel.

Mrs G Nesbitt: I could not comment.

Mr Mitchel McLaughlin: When you were talking about 50%, I thought that you were talking about what I give to my party from my salary, but you do not talk about that either.

Mrs G Nesbitt: I could not comment on that one.

Mr Girvan: You are very generous. That is a heavy rate of tax; it really is.

Mr Mitchel McLaughlin: You better believe it.

Mrs G Nesbitt: Moving swiftly on —

The Chairperson: Grace, before we finish, can I get agreement that all consultation responses will be copied to the Committee for information?

Mrs G Nesbitt: I want to check that that is absolutely acceptable in respect of data protection. I am hesitating because we might need to redact some bits, but there is certainly no problem with that.

The Chairperson: OK. See you in a few weeks' time.

Mrs G Nesbitt: Thank you very much.