

Assembly Section

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Mr Shane McAteer
Clerk
Committee for Finance and Personnel
Room 419
Parliament Buildings
Stormont

3 April 2013

Dear Shane,

Public Service Pensions Reform Bill

Your letter dated 4 March 2013 refers.

Following its meeting on 27 February 2013 with trade union representatives, the Committee for Finance and Personnel sought the following information from the Department:

- a comprehensive list of all the pension schemes and associated stakeholders affected by the Bill and the implications it will have for each scheme;
- clarification on how the drafting of the secondary legislation will be sequenced in relation to the Bill; and
- full details of how the potential cost of £262m per annum to the Northern Ireland block grant from a failure to implement the reforms has been calculated and clarification on whether this amount in deduction to the block grant will be imposed on the Executive by HM Treasury in such circumstances.

Effect of the Bill on pension schemes

A list of pension schemes and associated stakeholders, identified as being affected by the proposed Public Service Pensions Bill is attached at **Annex A**. These schemes have been identified by each of the Northern Ireland Departments in response to a request from officials in Civil Service Pensions. The main public service pension schemes will be reformed and DFP Officials are currently working with Departments to refine the list of additional schemes to be notified to the Office of the Legislative Counsel for inclusion in a schedule to the Public Service Pensions Bill.

The implications for each scheme are set out below. Schemes would be reformed in line with the core provisions of the Public Service Pensions Bill to be introduced in the Northern Ireland Assembly, which are as follows:

- a move to a Career Average Revaluated Earnings (CARE) scheme model of pension saving;
- a direct link to equalise schemes' Normal Pension Ages with the State Pension Age (except for the police and fire and rescue services);
- a Normal Pension Age of 60 (subject to regular review) for the police and fire and rescue services;
- transitional protection measures for scheme members who are within 10 years of their existing Normal Pension Age on 1 April 2012; These groups would remain in the existing schemes (except for the local government scheme, where transitional protection is to be provided by means of an underpin). Those within a further 3-4 years of normal pension age would have an option for a delayed transition to the new scheme;
- a final salary link for any final salary pension accrued prior to the date at which the new schemes will commence;
- a scheme cost cap with a default mechanism to maintain employer scheme costs within set cost floor and ceiling limits;
- extension of scheme access arrangements to allow public service workers whose employment is compulsorily transferred to a new employer to retain membership of a public service scheme; and
- revised measures for the management, regulation and administration of schemes.

Secondary Legislation

Following enactment of the Bill, secondary legislation will be required to amend the rules of each devolved public service pension scheme to give effect to the reform measures. This work will be taken forward by each of the Ministerial Departments which have individual responsibility for pension schemes. It is estimated that this process may take up to 10 months to complete. Some initial drafting of the secondary legislation could take place in tandem with the passage of the Bill in the Assembly. However, final drafts, forming the basis for consultation, will not be possible until such time as the Primary legislation has completed the Assembly legislative process and associated scrutiny. The current, very challenging, timetable estimates that the requisite secondary legislation and revisions to schemes' administrative processes will be in place by February 2015.

Potential Cost of failure to implement reforms

The information requested in relation to the calculation of the estimated cost of failing to implement the reforms was sent to the Committee on 4 March 2013 and 6 March 2013.

It should be noted that these estimates are based on assumptions used for cost ceilings and the most recent HSC valuation (as at 31 March 2004) and therefore should only be a guide to savings made as future valuations may adopt different assumptions.

On 3 December 2012 the Chief Secretary to the Treasury confirmed in writing to the Minister that a failure or delay in passing the necessary legislation to implement the pensions reforms in line with the deadlines contained in the Westminster Bill will result in a proportionate reduction in the Northern Ireland block grant. The Minister has advised that accountable Ministers who subsequently fail to deliver the required amendments to their schemes will have to shoulder any additional financial pressures.

Yours sincerely,

A handwritten signature in blue ink that reads "Judith Finlay". The signature is written in a cursive, slightly slanted style.

JUDITH FINLAY
Departmental Assembly Liaison Officer

Pension scheme	Stakeholders
Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]	<p>Northern Ireland Civil Servants</p> <p>OFFICES AND EMPLOYMENTS ALSO COVERED BY THE PCSPS(NI) (Listed at Schedule 1 to the Superannuation (Northern Ireland) Order 1972</p> <p>Museums Employment by the Board of Trustees of the National Museums and Galleries of Northern Ireland.</p> <p>Assembly Offices</p> <p>Clerk to the Assembly Clerk-Assistant of the Assembly Second Clerk-Assistant of the Assembly Fourth Clerk at the Table Committee Clerk Librarian Assistant Librarian Editor, Deputy Editor and Assistant Editor of Official Report of Debates Reporter Examiner of Statutory Rules for Northern Ireland</p> <p>Offices on the Planning Appeals Commission held under Schedule 3 to the Planning (Northern Ireland) Order 1972</p> <p>Chief Commissioner Chief Professional Commissioner Senior Professional Commissioner Professional Commissioner Principal Professional Commissioner</p>

**Principal Civil Service
Pension Scheme (Northern
Ireland) [PCSPS(NI)] – (cont'd)**

OTHER OFFICES AND EMPLOYMENTS

Police Complaints Board for Northern Ireland
Employment by the Commissioner for Children and Young People for Northern Ireland
Employment in the Equality Commission for Northern Ireland
Employment in the Fair Employment Agency established under the Fair Employment (Northern Ireland) Act 1976
Chairman of the Fair Employment Agency
Employment in the Labour Relations Agency established under the Industrial Relations (Northern Ireland) Order
Chairman of the Labour Relations Agency
Employment in the Equal Opportunities Commission established under the Sex Discrimination (Northern Ireland)
Chairman of the Equal Opportunities Commission for Northern Ireland
Employment by the Northern Ireland Assembly Commission
Employment in the Northern Ireland Economic Development Office incorporated on 4 October 1978 under the Companies Act Northern Ireland) 1960
Employment in the General Consumer Council for Northern Ireland established under the General Consumer Council (NI) Order 1984
Office of Director General of Electricity Supply for Northern Ireland established under the Electricity (Northern Ireland) Order 1992
Office of Chairman of the Consumer Committee for Electricity
Employment in Invest Northern Ireland
Employment in the Northern Ireland Judicial Appointments Commission
Employment in the Northern Ireland Museums Council
Employment in the Commission for Racial Equality (Northern Ireland)
Secretary to The Mental Health Commission
Chief Commissioner of the Equality Commission for Northern Ireland
Employment by the Northern Ireland Social Care Council
Chief Executive to the Mental Health Commission
Employment by the Northern Ireland Practice and Education Council for Nursing and Midwifery

**Principal Civil Service
Pension Scheme (Northern
Ireland) [PCSPS(NI)] – (cont'd)**

Employment by the Northern Ireland Health and Personal Social Services Regulation and Improvement Authority
Employment in the Economic Research Institute of Northern Ireland Limited
Employment in the Office of the Commissioner for Children and Young People for Northern Ireland
Commissioner for Children and Young People for Northern Ireland
Employment by the Police Service of Northern Ireland as a civilian direct recruit
Employment in the office of the Chief Electoral Officer for Northern Ireland
Employment in the Agri-food and Biosciences Institute
Employment by the Commission for Victims and Survivors for Northern Ireland
Employment in the Regional Health and Social Care Board
Employment in the Regional Agency for Public Health and Social Well-being
Employment in the Regional Business Services Organisation
The Director of Public Prosecutions for Northern Ireland
The Deputy Director of Public Prosecutions for Northern Ireland
Commissioner for Older People for Northern Ireland
Chief Inspector of Criminal Justice in Northern Ireland
Employment by the Chief Inspector of criminal Justice in Northern Ireland
Police Ombudsman for Northern Ireland
Employment by the Police Ombudsman for Northern Ireland
Commissioner of the Northern Ireland Law Commission
Employment by the Northern Ireland Law Commission
Employment in the Charity Commission for Northern Ireland
Victims and Survivors Service
Northern Ireland Judicial Appointments Commission
Office of the Attorney General for Northern Ireland (Staff)
Office of the Commissioner for Public Appointments (Northern Ireland)
Maze Long Kesh Development Corporation

Pension scheme	Stakeholders
Local Government Pension Scheme (Northern Ireland)	<p>Northern Ireland Local Government Officers' Superannuation Committee Local Government Staff Commission Probation Board Northern Ireland Northern Ireland Legal Services Commission Northern Ireland Housing Executive ILEX Urban Regeneration Company Limited Northern Ireland Transport Holding Company Northern Ireland Fishery Harbour Authority Livestock and Meat Commission for Northern Community Relations Council Northern Ireland Tourist Board CITB – Construction Skills NI The Governors of the Armagh Observatory and Planetarium Libraries Northern Ireland Sport Northern Ireland Sports Council Northern Ireland Education and Library Boards (Belfast, North Eastern, South Eastern, Southern and Western) Council for the Curriculum, Examinations and Assessment Council for Catholic Maintained Schools (CCMS) Middletown Centre for Autism Voluntary Grammar Schools Grant Maintained Integrated Schools Staff Commission Education and Library Boards General Teaching Council NI NI Council for Integrated Education Youth Council for NI Comhairle na Gaelscolaíochta</p> <p>Further Education Colleges: (non teaching staff)</p> <ul style="list-style-type: none"> • Northern Regional College • Belfast Metropolitan College

Local Government Pension Scheme (Northern Ireland) – (cont'd)	<ul style="list-style-type: none"> • South Eastern Regional College • Stranmillis University College • North West Regional College • Southern Regional College • South West College
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Pension scheme	Stakeholders
Police Pension Scheme New Police Pension Scheme	Police Service Of Northern Ireland

Pension scheme	Stakeholder
Northern Ireland Water Limited Pension Scheme	Northern Ireland Water Limited

Pension scheme	Stakeholder
North/South Pension Scheme	Waterways Ireland (WI); The Food Safety Promotion Board (FSPB); The Trade and Business Development Body (TBDB); The Special EU Programmes Body (SEUPB); The North/South Language Body (NSLB); and Tourism Ireland Limited (TIL)

Pension scheme	Stakeholder
Northern Ireland Teacher's Pension Scheme	Education and Library Boards (Belfast, North Eastern, South Eastern, Southern and Western) Council for the Curriculum, Examinations and Assessment Council for Catholic Maintained Schools (CCMS) Middletown Centre for Autism Voluntary Grammar Schools Grant Maintained Integrated Schools Further Education Colleges: (academic and related staff) <ul style="list-style-type: none"> • Northern Regional College • Belfast Metropolitan College • South Eastern Regional College • Stranmillis University College • North West Regional College • Southern Regional College • South West College

Pension scheme	Stakeholder
The Firefighters' Pension Scheme The New Firefighters' Pension Scheme	Northern Ireland Fire and Rescue Service

Pension scheme	Stakeholder
Health and Social Care (HSC) Pension Scheme	Belfast HSC Trust , South Eastern HSC Trust, Northern HSC Trust, Southern HSC Trust, Western HSC Trust Health and Social Care Board Patient and Client Council Public Health Agency Business Services Organisation Northern Ireland Ad Litem Agency Northern Ireland Blood Transfusion Agency Northern Ireland Ambulance Service Trust Northern Ireland Practice and Education Council for Nursing and Midwifery Northern Ireland Medical and Dental Training Agency Regulation and Quality Improvement Authority Northern Ireland Social Care Council

Pension scheme	Stakeholder
Foyle Fisheries Commission Pension Scheme	The Loughs Agency

Pension scheme	Stakeholder
Ulster Supported Employment Limited Pension Scheme	Ulster Supported Employment Limited