



Northern Ireland  
Assembly

**Committee for Finance and Personnel**

**OFFICIAL REPORT  
(Hansard)**

**Superannuation Bill: Pre-introductory  
Briefing**

**7 March 2012**

# NORTHERN IRELAND ASSEMBLY

## Committee for Finance and Personnel

### Superannuation Bill: Pre-introductory Briefing

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**Members present for all or part of the proceedings:**

Mr Dominic Bradley (Deputy Chairperson)  
Mr Leslie Cree  
Mr Paul Girvan  
Mr Paul Maskey  
Mr Mitchel McLaughlin  
Mr Adrian McQuillan

**Witnesses:**

Ms Margaret Coyle	Department of Finance and Personnel
Ms Margaret Miskelly	Department of Finance and Personnel
Mrs Grace Nesbitt	Department of Finance and Personnel

**The Deputy Chairperson:** Good morning, ladies. We do not often have an all-female group of witnesses before us; I think that this is the first time. You are very welcome. Do you want to introduce yourselves?

**Mrs Grace Nesbitt (Department of Finance and Personnel):** My name is Grace Nesbitt. I am head of Civil Service pensions. My role has changed slightly, and I will explain that because I have appeared before the Committee on other matters in the past. I am now focusing more on pensions, given the raft of work there. I will pass over to my colleagues to introduce themselves.

**Ms Margaret Miskelly (Department of Finance and Personnel):** My name is Margaret Miskelly. I was formerly head of Civil Service pensions. Over the past couple of months, I have been concentrating on policy and legislation.

**Ms Margaret Coyle (Department of Finance and Personnel):** I am Margaret Coyle from Civil Service pensions. I work on the policy and legislation aspect.

**The Deputy Chairperson:** Thank you very much. I remind members and people in the public gallery that the session is being recorded for Hansard and urge you to switch off any electronic devices. Please make your presentation. Grace, do you want to begin?

**Mrs G Nesbitt:** Thank you very much. I welcome the opportunity to update the Committee on the Superannuation Bill. There will be time at the end to take questions and comments from members.

I previously briefed the Committee on this issue on 15 June 2011, which seems a long time ago now. I provided detailed further written information to the Committee prior to our meeting again on 29 June 2011. A paper was also forwarded to the Committee in advance of today's meeting, and it sets out the current position in Northern Ireland. That paper includes information on the legal challenge that was brought by the Public and Commercial Services Union (PCSU) and the Prison Officers' Association (POA) in Great Britain against the changes to the home Civil Service compensation scheme that were introduced as a consequence of the Superannuation Act 2010.

At our last meeting on 15 June 2011, there were three options to consider, depending on the outcome of the legal challenge. It might be helpful if I elaborate on those and give you a verbal update. The legal challenge was unsuccessful, which confirmed option 1, as listed in the evidence session, as the way forward. To remind members, option 1 is to proceed with the Superannuation Bill and then amend the Civil Service compensation scheme Northern Ireland. That brings us up to date with what was happening in GB.

Closer to home, on 7 July 2011, our Executive agreed a paper, the key recommendations of which were: to amend the Superannuation (Northern Ireland) Order 1972; to remove the need for union consent; to introduce detrimental changes to the current terms of the Civil Service compensation scheme Northern Ireland; and to introduce requirements for the Department of Finance and Personnel to report on its consultation with unions with the aim of reaching agreement on any such changes.

In line with the Executive agreement that was reached in July 2011, the Office of the Legislative Counsel was instructed to proceed with drafting the Superannuation Bill. That work has now been completed, and the Attorney General's Office has confirmed legislative competence. The Bill will remove the need for union consent to introduce detrimental changes to the terms of the Civil Service compensation scheme Northern Ireland. That will position the Department of Finance and Personnel to align the amount of compensation payable to Northern Ireland Civil Service (NICS) staff and other members of the scheme who are covered by NICS pension arrangements with that payable in Great Britain.

I will remind members of the key changes under the scheme. It should be noted that the maximum compensation payable under the new compensation scheme provisions is as follows: staff leaving on voluntary redundancy will receive a maximum of 21 months' salary, while those leaving on compulsory redundancy will receive a maximum of 12 months' salary. Pensions are a complex issue, and, under current terms, people generally — I emphasise the word "generally" — receive up to three years' pay. Broadly speaking, that is the difference.

There will be new arrangements for engagement with the unions. The provisions of the Superannuation (Northern Ireland) Order 1972 will be amended in relation to consultation with trades unions on changes to the Civil Service compensation scheme in Northern Ireland. That will mean that, before making any amendment that would reduce the amount of compensation benefit, the Department of Finance and Personnel will have a duty to consult the unions with a view to reaching agreement. If an amendment scheme reduced the amount of compensation payable, the Department of Finance and Personnel must have laid before the Assembly a formal report that will provide information about the consultation that took place for that purpose; the steps that were taken in connection with that consultation with a view to reaching agreement on the issue; and whether such agreement has been reached. The Finance Minister issued an executive paper together with a copy of the legislation and the explanatory and financial memorandum to his Executive colleagues, and that was considered and agreed by the Executive on 23 February 2012.

I said last time that a pensions forum had been established. It has membership from the main unions involved, such as NIPSA, the industrial unions, and the First Division Association (FDA), and it has met to engage on the raft of changes that we face on pensions, of which this is just one. The present position on consultation is that, under article 3(2), the Department of Finance and Personnel must consult with persons appearing to the Department to represent persons likely to be affected by the making of an amendment to the Civil Service compensation scheme in Northern Ireland through

secondary legislation. That is exactly what we are doing. That gives you an update on GB and where we are at now.

What are the next steps? The Minister has written to the Speaker enclosing a copy of the Bill and the explanatory and financial memorandum to confirm legislative competence. As the Committee will be aware, First Stage is scheduled for 12 March and Second Stage is scheduled for 26 March. As I said, engagement with the unions will continue through the pension forum. The pension forum has been regularly updated. We had a meeting on 12 December, and, on 1 March this year, it was issued with an update letter informing it that the Executive had agreed on 23 February to introduce the Bill in the Assembly as a first step in the legislative process and that the Minister is now in the process of presenting the statement of legislative competence, the explanatory and financial memorandum, and the Bill to the Speaker for First Stage. Following Royal Assent and before making the amendment and the changes, we will continue to consult the unions. Employer pension notices will be issued to all staff and members of the scheme to inform them of the date of the amendment when it becomes law and on the changes to the Civil Service compensation scheme in Northern Ireland.

Immediately after Second Stage on 26 March, the Bill will be passed to the Committee to carry out detailed investigations and to report to the Assembly. The report will be copied to the Department and to officials, who, I understand, will have a minimum of five working days to consider it before Consideration Stage. Colleagues from Civil Service pensions and I are, of course, available to attend further meetings to update the Committee on this process and on any other aspects of the Superannuation Bill. That is a brief overview and summary of where we are in GB and what has happened here to date. The next step is the legislative process. I am happy to clarify any points or take any questions. If there are any specific points, I would defer, with your permission, to my colleagues.

**The Deputy Chairperson:** Thank you very much. You said that the legal challenges in GB were unsuccessful. I take it from that that the GB Superannuation Act is being adopted here, largely without revision. During your previous session here, some members asked why the Executive would follow parity as a rule with regard to pensions and compensation when there was a movement away from parity on pay for the lower and middle grades of the Civil Service. Did the Department give any detailed consideration to the pros and cons of options other than slavishly following parity?

**Mrs G Nesbitt:** We presented the options to the Minister, and his view was that there would be a cost if we did not follow parity. As I set out in the update to the Committee, if we departed from parity with GB the cost would affect Departments' departmental expenditure limits. There would be an immediate cost in the benefits actually payable to people and there would be a cost for different legislation, different administration systems and our whole IT system, which is based on parity, and I set that out in more detail in my written update to the Committee on parity. There are two issues with not following parity. To answer your question, yes, it was considered, and it was considered on the grounds of cost. The cost falls into two broad issues: the benefits actually payable; and the costs of administering the scheme, which includes several factors. There is also the issue of mobility and transfer across all public-sector schemes, and that is a link that we and the Northern Ireland Executive have chosen to maintain.

**The Deputy Chairperson:** I think that you put a figure on that in June.

**Mrs G Nesbitt:** I do not think that we put an exact figure on it, but I can check and return to the Committee on it.

**The Deputy Chairperson:** What consultation has taken place with the trades unions, since this removes their veto on some issues? What steps were taken to reach agreement, and what was the outcome?

**Mrs G Nesbitt:** The trade union side was consulted and told of the proposed changes that we were making. To date, the trade union side has not formally responded; therefore, I have not received anything formally from it. From our previous session, I understood that the Committee proposed to invite the trade union side to attend, although I am not sure whether that has happened. However, I know that the views of the trades unions were raised at the last session.

**The Deputy Chairperson:** Are you saying that you have had no formal response from the trades unions?

**Mrs G Nesbitt:** I have not had a formal response. However, I know that they would not be supportive of it, but they have not given me a formal written response to the changes to date. They have been given a copy of the draft Bill, and they are certainly aware of the changes. We have told them, and they have been informed, but I have not received a formal written response from the trades unions.

**The Deputy Chairperson:** Paragraph 6 of your paper of 15 June pointed out that DFP can make amendments to the scheme that are not subject to parliamentary procedure in the Assembly through the usual negative or affirmative resolutions. Why is that, and could that be changed in the Bill to provide the safeguard of the Assembly's having some control over the scheme amendments?

**Mrs G Nesbitt:** Sorry, give me a moment. Are you referring to my submission for this session?

**The Deputy Chairperson:** I am referring to a previous evidence session of 15 June, which related to the proposed superannuation Bill. At that session, you said:

*"The powers conferred by the superannuation Northern Ireland Order 1972 enable the Department of Finance and Personnel to amend the pension compensation schemes for staff in the NICS, without the need to do so through primary legislation. The position in GB is identical in that powers conferred by the Superannuation Act 1972 enable the Minister for the Civil Service in GB to make, maintain and administer pension and compensation schemes for staff in the Home Civil Service by secondary legislation."*

The prevailing rationale was that if the PCS legal challenge failed, an equivalent scheme could be introduced for NICS relatively quickly by way of a scheme amendment, which is made in secondary legislation and is not subject to parliamentary procedure in the Northern Ireland Assembly. Could that be changed in the proposed Bill to provide the safeguard of the Assembly's having some control over the scheme amendments?

**Mrs G Nesbitt:** That matter has not been considered by officials or by the Minister.

**The Deputy Chairperson:** It is possible that such arrangements could be included in the Bill.

**Mrs G Nesbitt:** I am sure that it could be considered, but, to date, it has not been.

**Mr Girvan:** Thank you for your presentation. It would be foolish to break parity because the funding for some of the changes that would be made if we were to go ahead with that would probably come out of our block grant, as opposed to other ways of trying to work on it.

In relation to age discrimination, I appreciate that special calculations are made when someone is over 50, and I think that the calculations change quite dramatically from 50 onwards. Has that ever been challenged? You mentioned a legal challenge, but has that ever been looked at legally to see whether it is age discriminatory?

**Mrs G Nesbitt:** That was one of the reasons behind the change that was introduced in GB; it is also one of the reasons why we need to change the terms of our scheme. That was the thinking behind the changes, so we would be changing the terms of our scheme to align completely with GB to remove that risk. I am not aware of any challenges to our scheme in relation to age discrimination in respect of retirement. I am also not aware of any challenges in GB, but that is not to say that there have not been any. However, it is a vulnerability, and it was one of the reasons why GB introduced the change.

**Mr Girvan:** To come back to the Chairperson's point about unions, I find it unusual that the unions are not engaging. I appreciate that it will have an impact, and they will probably kick up a bit of a stink and make a bit of noise about it after it has been arranged and agreed and put forward as a Bill. Have the unions been engaging in this process in GB, or is it just in Northern Ireland where they have not communicated with us?

**Mrs G Nesbitt:** It may be best for the Committee to engage with the unions directly to get their point of view. However, it is known, so I can report it to the Committee, that NIPSA aligns with the Public and Commercial Services Union in GB, and PCS has been very vocal in challenging the Government's pension reform, including this particular issue.

PCS led the legal challenge that failed. NIPSA is well aware of the issues and would have supported that legal challenge; it works very closely with PCS at a national level and understands the issues. Perhaps that is why it has not responded; however, you would have to ask it directly why it has not done so.

**Mr Girvan:** There have been changes to the pension plan over the years, and you have moved from the classic to the premium classic scheme, and all those changes have met with some opposition. I think that I am right in saying that pensioners were entitled to a lump sum of three eighty fifths under the classic scheme. That has changed so that pensioners can commute only 25% as a lump sum if they wish and take a reduced pension. On the basis of the previous negotiations with the unions, how long are we looking at between this being brought forward and its being implemented? Is there a window? We would like to get some indication of how far along the road we are.

**Mrs G Nesbitt:** We are probably talking about early next year before this change is given effect, although that is an indicative timescale and I would not like to be held to it. However, that would be the overall timescale for us to go through the various processes and stages that are required to introduce the legislation.

**Mr Girvan:** Therefore anyone who wants to take voluntary redundancy should do so now.

**Mrs G Nesbitt:** I could not possible comment. *[Laughter.]*

**The Deputy Chairperson:** To clarify, will the Bill be open to the full scrutiny of the Committee and the Assembly and not proceed through accelerated passage?

**Mrs G Nesbitt:** Unless someone else gives a different view or a different decision is made, that would be our intention as officials.

**The Deputy Chairperson:** Paul mentioned the unions. The PCS in GB sought a judicial review on the basis that the scheme would cut benefits that are based on civil servants' accrued service; it argued that that would be in breach of the European Convention on Human Rights. In June, you told us that a date had been set for that judicial review in the High Court. Have you consulted the Northern Ireland Human Rights Commission?

**Mrs G Nesbitt:** We have not. The unions failed in their legal challenge.

**The Deputy Chairperson:** Do you feel that that is unnecessary because the judicial review failed?

**Mrs G Nesbitt:** That is correct.

**The Deputy Chairperson:** During the evidence session in June, it was stated that there were some variances between the terms of maximum compensation in Northern Ireland and in GB and that they were more generous here. Will that still be the case after the passage of the Bill? Are there any other variances between this version and the GB version of the Bill?

**Mrs G Nesbitt:** No. There are variances because we are not aligned with GB; once we are aligned, those will no longer exist.

**The Deputy Chairperson:** Will that reduce those generous compensation payments?

**Mrs G Nesbitt:** It will align us with what GB has now.

**Mr P Maskey:** Thank you for your presentation. No matter how you look at it, this is another smash and grab of people's pensions and rights by the British Government. You said that there would be a cost if we do not implement this. Do you have a figure for that?

**Mrs G Nesbitt:** No. We do not know how many people would leave under any voluntary or compulsory scheme. There are no plans for any scheme in the future. It would be difficult to calculate that figure, as we do not know when or if the need would arise. We do know that there would be a cost, but I cannot give you a figure for it. At the last session, I said that I would provide more information on the types of cost that we would incur, and there would be a cost for the administration and legislation —

**Mr P Maskey:** Do you know what they are?

**Mrs G Nesbitt:** I cannot give you an exact figure, but it would be significant.

**Mr P Maskey:** As the Committee is scrutinising the Bill, that information is important to work out the real costs, so it is something that I would like to see. Say that 100 people were to join the scheme; you can work it out from that base and calculate upwards. That would give us something to think about and an idea of what we are looking at.

**Mrs G Nesbitt:** I should elaborate by saying that there are two costs. There are the costs if we decide to depart on this issue, whether or not we need to deploy the new terms. If we decide to break parity now, there will be the cost of the new systems, structures and processes that we will need to put in place, whether we ever need to avail ourselves of those terms and apply them because someone leaves voluntarily or we go down the route of compulsory redundancy. There is a cost there but one on which it is difficult to put an exact figure. It would also be difficult to put a figure on "what if?", because, at this point, we do not know what the shape of the Civil Service will be, should we require a voluntary or compulsory redundancy scheme in future. I can tell you, with absolute certainty, that there will be a cost if we depart, but it is difficult to calculate. As I detailed in my most recent written submission, there would be a cost.

**Mr P Maskey:** I appreciate that there will be a cost; there is no matter what you do in life.

**Mrs G Nesbitt:** Yes.

**Mr P Maskey:** Cost is the important point. It would be useful information for the Committee to have when considering the Bill. I urge you to look at that. I ask that because, if a local union took and won a legal case here, we would need to know what those costs would be. Has that been discussed in the Department?

**Mrs G Nesbitt:** It has not, because I think that that scenario is highly unlikely. Without rehearsing the challenge in GB, in my view as an official, the issues on which a local union would challenge the changes that we were making would have to be the same as those in GB, because we propose to make the same changes. The challenges would have to be made on the same grounds, and those challenges were defeated at judicial review in GB. Therefore it would be highly unlikely that a local union would invest its time and resources in such a challenge, particularly as the main local union, NIPSA, supported PCS in its national, GB challenge. Unfortunately from the union's perspective, that challenge failed. As an official who deals with the unions, I think that it would be extremely unlikely that a local union would mount such a challenge. In dealing with the unions at the pension forum, I have had no sense that they are considering a judicial review of or mounting any other legal challenge to the changes.

**Mr P Maskey:** That may be the case, but you should have all your options in place in case that arises. You may be in court with a different judge who may give a different ruling, and there may be different technical issues here because there are some slight differences in grievances here and in Britain. It needs to be well thought out. I am sure that the Committee will hear from the unions. The pay issue may not come up, but it would be useful to have that information.

**The Deputy Chairperson:** I asked earlier about the pros and cons of maintaining, or moving away from, parity. Surely, some form of accurate costing would be useful in making such decisions.

**Mrs G Nesbitt:** We can look at that again. My colleague has reminded me that NIPSA financially supported the PCS challenge, so I think that it would be unlikely that NIPSA — the main union here — would mount another challenge locally on what is, in effect, the same issue.

**Mr Girvan:** I appreciate that there would be one-off costs; I just wonder about the continuation costs over time. It is not a matter of having to pay the costs now; it is about how the continuation of paying is dealt with. If we broke parity, you would have to fund it from another source because you are effectively thumbing your nose at the previous system, so you take it back. Is that correct?

**Mrs G Nesbitt:** That is correct. It is not just the one-off costs of setting up the system; it is the ongoing costs of overall advice and guidance and looking at precedent and how things are handled. I cannot emphasise enough how complex pensions are. I do not mean to insult anyone's intelligence, but every case has its own nuances and issues to consider. We have detailed scheme rules, and it has been extremely helpful to us in the past and has served us well to have other sources of expertise to go to. Our scheme membership is quite small, and others who have more experience in dealing with issues and what happens when cases go to the Pensions Ombudsman, for example, can share the experience of other precedents and how that has been handled.

You are absolutely right: there would be one-off costs in setting it up. Pensions are linked, so changing one piece of the jigsaw will have a knock-on effect through all the other strands of pensions and benefits. With your permission, Chairperson, I will elaborate a little: the other issue if we go down the route of what I loosely term the wider Hutton review relates to the coalition Government's plans to link the changes in retirement age for scheme members to state pension age. I know that that is another issue with the reform of the benefits system, and I am not going to get into that because it is not my area, but you can see how things are linked.

We have the authority in many areas to break those links because of our legal set-up. However, such a choice would bring a consequence: cost. Those decisions are not for me to make, but we have those issues to deal with and we have those decisions to make. The question is whether we want to spend more money in Northern Ireland on pensions and pension provision through a voluntary scheme, a compulsory scheme or other pensions issues, or whether we want to spend our money on something else. Those are not decisions for me to make; they are for our Executive to make in the round, bearing in mind other things. That is absolutely appropriate, because it is not within my remit.

**Mr McLaughlin:** Thank you very much. Are there any categories or grades of civil servants who would be unaffected?

**Mrs G Nesbitt:** No. All in it together.

**Mr McLaughlin:** There are two schemes. Is it true that in the past the union side generally tracked what happened in Westminster and perhaps preferred that particular approach?

**Mrs G Nesbitt:** In my opinion, yes.

**Mr McLaughlin:** There was engagement over the equal pay issue, which was a local negotiation in interpreting or applying legislation that was passed at Westminster. Does that set a precedent for us to consider? I can understand the sense that you have that the unions continued to track progress at Westminster and had effectively joined the legal challenge, but it does not necessarily rule out them going for a local solution to this problem.

**Mrs G Nesbitt:** As I have made clear to the Committee, and I would not want to be seen to mislead the Committee in any way, it does not rule that out. However, we have taken stock of this because we are mindful of the unions and engage with them in a very professional and meaningful way. My assessment is that they would not mount a legal challenge because of the history to date and because they have paid out money to support a challenge that, from their perspective, unfortunately failed.



I want to go back to your point on equal pay. I am going back to wearing my old pay hat, but we already pay differently and did so even before equal pay became an issue. Our pay system below SCS was certainly different from that in GB. For equal pay, you have to look at what is happening in your workforce, and that is part of the equal pay legislation that any employer has to look at. I do not see an exact read-across from what we had to do with the equal pay settlement to what we are doing with pensions.

**Mr McLaughlin:** I was teasing out whether particular protections or statutory instruments that we have here as part of the political settlement give rise to different outcomes or different responses. There has already been reference to the chair of the human rights legislation and the equality legislation. That might at least indicate that, over time, there might be a divergence from previous practice, and this might be the time.

**Mrs G Nesbitt:** It could emerge over time. However, in my view, as an official, this is not the time, and it does not seem to emerge from our consideration of the issues and even from any engagement that I have had with the unions to date on the issue.

**Mr McLaughlin:** I have not detected it.

**Mrs G Nesbitt:** They can speak for themselves; I am loath to comment on the unions' perspective.

**Mr McLaughlin:** We will ask them.

**Mrs G Nesbitt:** That would be better.

**Mr McLaughlin:** Reference has been made throughout to the cost. The cost can be an impressive leverage, and it can be said that there will be a cost attached. Can we be more precise about what the cost will be? Perhaps we could have a matrix that reflects the impacts of the changes across the significant grades. That would allow people to know what we are talking about.

**Mrs G Nesbitt:** We will look at giving you some sort of costs. However, I will add a caveat, because I am loath to give a cost that I cannot stand over. That is why I am hesitant about the cost. I can give you an indicative cost. I will also look at the costs of some examples and at what people would get under the current scheme. I think that we gave the Committee some examples already that we can revisit, and you might want to multiply those up in numbers.

I am not saying that there will be a voluntary or a compulsory scheme in the Civil Service; I would not want that to be misunderstood. I want to be careful and emphasise to the Committee that there are two issues to the cost: that of setting up the machinery, if I can describe as that, for doing things differently; and the cost of actually doing things differently. Voluntary and compulsory redundancy is a very sensitive issue, and I have no sense at all that there is a requirement to use the scheme. I would not want people to become anxious or to be misled, and I would not like anything to appear that would concern staff. I can give you an indicative costing, but I must emphasise that it will be as an example. I am happy to look at that and to say, "If x number of people left under the old scheme, it would cost this; if x number of people left under the new scheme, it would cost that." I am also happy to give some broad figure about the administration, with caveats, if that would inform the Committee.

**The Deputy Chairperson:** Whatever way you put it, it amounts to higher contributions and lower compensation.

**Mrs G Nesbitt:** Contributions are a completely separate issue, because this change was not related at all to the increase in contributions. I can appreciate any confusion, but this was a separate change that was brought in by the coalition Government in December 2010. In Northern Ireland, we waited to see the outcome of the various legal challenges so that we did not do something only to find that we had to undo it because of a successful legal challenge. This has absolutely nothing to do with the increase in contributions.

You are absolutely right: the individual member of the scheme will say that they are changing this and that, and that they are changing the contribution rate and, potentially, there are other changes as well, and it is all happening at the same time. What has happened with the legislative process in GB is unrelated. In fact, this was a throwback to the previous Labour Government, believe it or not, as I explained in our first appearance to the Committee on this issue.

**Mr McLaughlin:** Sorry. I have forgotten my last question. It might come back to me.

**Mrs G Nesbitt:** Perhaps I answered it.

**Mr McLaughlin:** You did pick up on some of my secondary thoughts. However, I had another question. It might come back to me.

**The Deputy Chairperson:** We will go to Leslie, but if you want, we will come back to you, Mitchel.

**Mr Cree:** I am persuaded of the logic of parity. I would need to hear a strong argument for any changes because much more is involved than simply any particular single issue. In that case, the entire question of final-salary pension schemes is a big one. Basically, no one can afford them anymore. Therefore, compared with local government and the Civil Service, few people in private industry have final-salary schemes that are as attractive as those schemes. I understand the need for change, albeit one that nibbles at the margins. If I could digress slightly, there was an appeal on the pension increase and the argument about RPI versus CPI. Has it been heard yet?

**Mrs G Nesbitt:** That challenge failed.

**Mr Cree:** That is the one to which you referred.

**Mrs G Nesbitt:** No; that challenge failed as well. There will probably be a further appeal to the Court of Appeal. That judicial review failed. There were several judicial reviews. I understand that the unions are considering a further appeal to the Court of Appeal on the issue of the indexation link.

With members' permission, I would like to wind back a little to explain. I want to make it absolutely clear: the move from final-salary to career-average pensions is not part of the change in the Bill. That is part of what I term very simply as the wider Hutton reform. The Executive have yet to decide on that matter for Northern Ireland. The changes that we are dealing with specifically this morning are those that will affect how we engage with unions on changes that we make and will allow us to change the compensation scheme. The compensation scheme will affect what we actually pay people who leave either on a voluntary or compulsory basis. The Bill will not change at all the move away from final-salary to career-average pensions; it has no impact on that at all. I want to clarify that point.

**Mr Cree:** That is fine. However, it is the background to it all. You are talking about a final-salary scheme that still remains. These are what I call nibbling around the edges — compensation for redundancy. It is as simple as that.

**Mrs G Nesbitt:** Yes. However, that was an unrelated change before the change away from final-salary to career-average pensions.

**Mr Cree:** There may be other changes.

**Mrs G Nesbitt:** Yes. The wider Hutton reform is a significant reform of the entire pension scheme. However, as I said earlier, it is part of the whole picture to individual members. This is Northern Ireland catching up with change that has already been on the books in GB for a considerable time.

**Mr Cree:** It is important that we have the entire background and are also informed of things to come.

**Mrs G Nesbitt:** Yes. Absolutely. From the point of view of scheme members, I appreciate fully that it does not really matter, in a sense, what is part of what; they just see that there are a great many changes that affect them. I am very conscious of that.

**The Deputy Chairperson:** OK. Thanks very much. You will be back with us. Mitchel, do you want to come back in?

**Mr McLaughlin:** Yes, I am back.

**Mr Cree:** You had a senior moment there.

**Mr McLaughlin:** I get more and more of them. *[Laughter.]*

**Mrs G Nesbitt:** We will not call them senior moments.

**Mr McLaughlin:** That is exactly what they are. I am very interested in the statistical pattern of opt-out.

**Mrs G Nesbitt:** Do you want me to move on and talk about contributions now, or do you want to stay on the subject of superannuation?

**The Deputy Chairperson:** Will we cover that in the next session?

**Mrs G Nesbitt:** Yes.

**The Deputy Chairperson:** We will leave it for the next session in that case.

**Mrs G Nesbitt:** I am happy to take it now.

**The Deputy Chairperson:** We will just finish with the Superannuation Bill. You will talk to us again during the scrutiny of the Bill. Thank you very much for your presentation this morning.