



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Pensions Bill: Legislative Consent Motion

6 June 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Ms Pam Brown
Mr Gregory Campbell
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan
Mr Fra McCann

Witnesses:

Mr Gerry McCann	Department for Social Development
Ms Anne McCleary	Department for Social Development

The Deputy Chairperson: I welcome Gerry McCann and Anne McCleary to the Committee. I was just thinking that we were getting withdrawal symptoms because we have not seen you for so long.

Mr Gerry McCann (Department for Social Development): I am sure that this is our seventh Bill since we came back in 2007. I am sure that you are fed up seeing us.

The Deputy Chairperson: You probably missed us as well.

Ms Anne McCleary (Department for Social Development): We have, desperately.

The Deputy Chairperson: The briefing papers can be found in members' packs. Will the officials brief the Committee on the legislative consent motion (LCM)?

Ms McCleary: Committee members were provided with a written briefing on the Westminster Pensions Bill on 6 March, but it has been arranged that we will provide you with an oral briefing on 27 June.

The Bill was introduced in Westminster on 9 May and contains proposals for the introduction of a single-tier state pension and consequential matters; increasing the state pension age to 67; the introduction of the bereavement support payment; and some changes to private pensions.

Subject to ministerial and Executive approval, proposals for a Northern Ireland Assembly Bill will be introduced in due course. We will be looking forward to considering the provisions of the Westminster Bill in some detail on 27 June. That is not what we are here specifically about today.

Today, we are looking specifically at one issue; the proposed extension to Northern Ireland of clause 41 of the Bill and introducing an LCM to the Assembly. Clause 41 amends section 16 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and operates on a UK-wide basis. The amendment relates to occupational, personal and stakeholder pension schemes. I cannot stress this enough: this is a technical issue, and it is intended to clarify existing legislation. It is absolutely not a policy change.

Defined contribution pension schemes must provide members with an annual pension projection, known as a statutory money purchase illustration. In doing so, they are required by law to comply with guidance issued by the Financial Reporting Council. Under the Companies (Audit, Investigations and Community Enterprise) Act 2004, regulatory functions of that council are exempt from liability for damages arising from those activities. The understanding was that the technical guidance on these statutory money purchase illustrations fell within that exemption under the umbrella of actuarial standards work. However, there has been some doubt around that and whether that technical guidance is caught by the term, "actuarial standards". Clause 41 puts the matter beyond doubt by including the issue of guidance for pensions illustrations in accordance with section 109(3A) of the Pension Schemes (Northern Ireland) Act 1993 in section 16 of the 2004 Act. The proposed amendment will come into force two months after Royal Assent to the Westminster Bill, and it is important that the law is clarified in relation to the Financial Reporting Council's functions as soon as possible.

In conclusion, this is not a policy change. It merely clarifies existing law. Extending clause 41 to Northern Ireland allows us to achieve legal certainty, without delay, on what is a somewhat technical issue. That is why the Minister proposes to introduce the LCM to the Assembly.

The Deputy Chairperson: Thank you very much. You have made it clear that this is a technical amendment and not a change in any policy issues. Do members have questions? There are no questions for officials.

Is the Committee content for the legislative consent motion to be laid with the Business Office? If members are content, I will read the following —

Mr Durkan: I have one question, Chair. Gerry, you are due before us again in a couple of weeks' time.

Ms McCleary: We will be back to brief you on the Northern Ireland Pensions Bill.

Mr Durkan: I appreciate that this is technical rather than policy, but is that the only reason why this has come in advance of that?

Mr G McCann: No, it is the fact that this is the only part of the Westminster Bill that is going to extend into Northern Ireland.

Mr Durkan: There is no proposal to extend the rest of the Bill?

Mr G McCann: No.

Ms McCleary: There will be a separate Northern Ireland Bill.

Mr G McCann: We will have our own Bill here in due course, but this is the only part of the Bill that will have to extend here. That is why we have to have the LCM.

The Deputy Chairperson: I think the briefing that you will give us will be on the Pensions Bill, as it will apply here.

Mr G McCann: Yes. We will be going through the whole Bill to deal with the various matters that Anne has outlined.

The Deputy Chairperson: So, you are here today only on the legislative consent motion.

Mr G McCann: Yes, it is purely for clause 41, which, I say again, is the only part of the Bill from Westminster that is going to extend here.

The Deputy Chairperson: So, it is really just to endorse that the Committee for Social Development has considered the draft legislative consent motion for the Westminster Pensions Bill, and, if members are in agreement, to recommend that it is endorsed by the Assembly. Are members happy with that?

Members indicated assent.

The Deputy Chairperson: Thank you.