EXPLANATORY MEMORANDUM TO

The Health and Social Care Pension Scheme (Amendment) Regulations (Northern Ireland) 2025

S.R. 2025 No. 17

1. Introduction

1.1. This Explanatory Memorandum has been prepared by the Department of Health (DoH) to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.

1.2. The Statutory Rule is made under Articles 12(1), (2) and (3), and 14(1) and (2) of, and Schedule 3 to, the Superannuation (Northern Ireland) Order 1972 and sections 1(1) and (2)(e), 2(1) and 3(1) to (3) of, and paragraph 5 of Schedule 2 and Schedule 3 to, to (4) of, and paragraph 5 of Schedule 2 and Schedule 3 to, the Public Service Pensions Act (Northern Ireland) 2014(**1**) and is subject to the negative resolution procedures.

2. Purpose

2.1. The Statutory Rule will introduce an increase to member contributions to meet the scheme yield and correct a pre-existing error within the HSC Pension Scheme Regulations.

3. Policy Background – What is being done and why

3.1. There are two HSC Pension Schemes: the reformed 2015 Scheme and the older, closed scheme which is divided into the 1995 and 2008 Sections. The scheme is contributory. Members and their employer are required to pay towards the cost of benefits they build up in the scheme. An actuarial valuation is conducted every 4 years to ensure the level of contributions made by members and employers meet the full cost of their pension rights as they accrue them.

3.2. The HSC Pension Scheme benefit structure requires 9.8% of pensionable earnings to be contributed by members collectively ('the yield'). Under the current member contribution structure, a yield of 9.6% is collected from members, meaning the scheme has been running under yield by 0.2%. The Government have said that this shortfall is no longer sustainable and have instructed all public sector schemes to take the appropriate measures to ensure that their target yield is collected by April 2025.

([1]) 2014 c.2 (N.I.) section 3 was amended by section 94(11) to (14) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7)

3.3. The review of the member contribution structure will ensure that the current shortfall in the contribution structure of 0.2% will be collected in future years.

3.4. A fundamental updating of the contribution banding of the scheme was completed over the past 2 years and our banding structure is in parity with England and Wales. This structure produced the required yield for England and Wales however staffing differences here produce a different result. In order to deviate as little as possible from this structure it is proposed, with the support of the Scheme Advisory Board, to simply increase contributions by 0.2% across the board. The one exception would be the lowest tier; this comprises low paid part time members who do not benefit from tax relief on their contributions and we propose to maintain their current level. Protecting the lowest tier will not affect other members as the numbers in this tier are low.

3.5. From the 1 April 2025 the Department will make changes to the member contribution structure, which will ensure the required yield is collected.

Minor amendment

3.6. An error has been identified within the existing regulations. The Department proposes that the amendment to the wording of scheme regulations be made. The proposed amendment is set out within the consultation document.

4. Consultation

4.1 Consultation with stakeholders, on the proposed amendments, published on the 7th of October and closed on the 2nd of December 2024.

4.2 In total 8 responses were received as follows:-

- 5 Scheme Members
- British Medical Association (BMA)
- British Dental Association (BDA)
- Royal College of Nursing (RCN)

4.3 Overall respondents were not supportive of the scheme yield increase. This was mainly due to absence of a pay deal and cost of living expenses.

4.4 Whilst respondents were not supportive of the proposals, the Department has an obligation to ensure the yield is met by the scheme.

4.5 No objections were received from respondents to the proposal to correct a pre-existing error within the regulations.

5. Equality Impact

5.1. An Equality Screening/Impact Assessment (EQIA) and Rural Needs Impact Assessment were carried out by the Department and have been published on the Departments website.

6. Regulatory Impact

6.1. It is not anticipated that there will be any adverse impact on business, charities social economy or voluntary bodies.

7. Financial Implications

7.1. There are no financial implications for the Department.

8. Section 24 of the Northern Ireland Act 1998

8.1. Consideration has been given to the human rights implications of these regulations. They are considered compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1. None

10. Parity or Replicatory Measure

10.1. All Public Sector Pension Schemes in the UK are being required to meet their yield.

11. Additional Information

11.1. Not applicable.