EXPLANATORY MEMORANDUM TO THE

PENSIONS INCREASE (CIVIL SERVICE INJURY BENEFITS SCHEME) REGULATIONS 2005

2005 No. 698

1. This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 These Regulations will come into force on 8 April 2005 and make provision for the annual indexation of pensions payable under the Civil Service Injury Benefits Scheme ("CSIBS").

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 Civil service injury pensions were subject to indexation whilst they were an integral part of the Principal Civil Service Pension Scheme ("PCSPS"). The CSIBS was separated from the PCSPS in 2002 and became a separate scheme but pensions in payment continued to attract pensions increase just as they had always done under the PCSPS. However, this was ultra vires since there was no statutory cover for these payments. As soon as it became clear that there was no statutory cover for indexation of pensions under the "CSIBS" steps were taken to correct the position under Pensions Increase (Civil Service Injury Benefits Scheme) Regulations 2004 SI 2004. The wording of Regulation 4 of SI 2004/1711 was considered to be ambiguous, therefore, HM Treasury agreed to make and lay further regulations to revoke SI 2004/1711.

3.2 These Regulations take effect from 1 October 2002. Section 5(4) of the Pensions (Increase) Act 1971 ("the Act") enables increases to take effect from a date before the making of these Regulations.

4. Legislative Background

4.1**.** The Treasury is responsible for making the annual order for the indexation of official pensions included in Schedule 2 of the Act. Section 5(2) of the Act provides that the Minister for the Civil Service may by regulations provide that the Act shall have effect in relation to pensions not included in Schedule 2. This enabling power was transferred to the Treasury by virtue of the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981 (SI 1981/1670).

5. Extent

5. 1 These Regulations apply in Great Britain and to persons who are eligible for pensions under the "CSIBS". That is, those employed in the civil service or employed in the UK in a civil capacity for the purposes of Her Majesty's Government, members of the diplomatic service, Government Ministers and those who are eligible to become members of the PCSPS under Schedule 1 of the Superannuation Act 1972. There are separate arrangements in respect of civil servants in Northern Ireland.

6. European Convention on Human Rights

6.1 These Regulations are compatible with the European Convention on Human Rights

7. Policy Background

7.1 The CSIBS and the PCSPS are schemes made under section 1 of the Superannuation Act 1972. To satisfy Inland Revenue requirements, the CSIBS was separated from the PCSPS in 2002. As a consequence of that separation, it is necessary to ensure the Pensions (Increase) Act 1971 has effect in relation to any pensions payable under CSIBS as if they were pensions specified in Part I of Schedule 2 to the Act. That part of the Act lists the schemes to which the provisions of the Act apply. It currently includes the PCSPS but not the CSIBS. The intention of these Regulations is therefore to provide for indexation of payments made under the CSIBS in the same way as provision is made for indexation of other public service pension payments.

8. Impact

8.1 A Regulatory Impact Assessment has been prepared for this instrument, as it has no impact on business, charities or voluntary bodies.

8.2 There will be no impact on public expenditure because the Regulations maintain the existing position.

9. Contact

Yvonne. Bobb at HM Treasury Tel: 020 7270 4997 or e-mail Yvonne.Bobb@hm-treasury.gsi.gov.uk can answer any queries regarding this instrument.