EXPLANATORY MEMORDANDUM TO THE

Police Pensions (Amendment No. 2) Regulations (Northern Ireland) 2024

SR 2024 No. 219

1. Introduction

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

1.2 The Statutory Rule is made under powers conferred by sections 1(1) and (2)(g) (together with paragraph 7 of Schedule 2), 3(1), (2)(a) and (b) (together with paragraph 9 of Schedule 3) and (3)(a) of the Public Service Pensions Act (Northern Ireland) 2014 (the 2014 Act).

2. Purpose

2.1. The purpose of these Regulations is to amend the employee contribution rate to address the 0.2% shortfall in employee contributions identified by the Government Actuary following the 2020 police pension scheme valuation which has resulted in the application of an increase to pension contributions made by police officers until 31 March 2027.

3. Background

3.1 Section 11 of the 2014 Act, requires the police pension scheme to be actuarially valued every four years in line with the Department of Finance (DoF) directions. The purpose of this process is to evaluate the size of liabilities already accrued and for those that will be accrued in the future, so that contributions (from employer and employee) can be set at a level to reflect these rights.

3.2 On 30 October 2023 the Northern Ireland Police Pension Valuation 2020 report was agreed by the Government Actuary (GAD). The report identified a requirement to increase both the employer and employee contribution rates in order to maintain the long-term sustainability of the Police Pension Scheme. As a consequence of this valuation the Department invited the Scheme Advisory Board (SAB) to consider a way forward with regard to the shortfall in employee contributions.

3.3 Under the 2014 Act, the Scheme Advisory Board forms part of the governance framework for the police pension scheme whose role is to advise the Minister of Justice as to the desirability of changes to the scheme design, regulations, policy implications of future valuation outcomes and adjustments to the scheme.

3.4 To ensure the sustainability of the Police Pension Scheme for future years SAB recommended that the application of the increase from 1 April 2025 to 31 March 2027 as set out in regulation 4, being the least impactful upon the pension scheme membership.

3.5 The Department has prepared regulations which detail how the increases to police pension contribution rates will be structured with the introduction of a two-tiered approach, over a two-year period from 1 April 2025 to 31 March 2027.

4. Consultation

4.1 As required by section 22 of the 2014 Act, the Department of Justice has consulted the Northern Ireland Policing Board and the Police Association for Northern Ireland. The consultation was also extended to the Chief Constable of the Police Service of Northern Ireland and the Police Scheme Advisory Boards for Northern Ireland and for England and Wales.

4.2 In accordance with section 3(5) of that Act, the Department of Justice has obtained the consent of the Department of Finance.

4.3 The draft regulations were issued for a targeted consultation from 27 September 2024 to 7 November 2024. The level of public interest in the introduction of these amendments is low. There was no public consultation process and no media coverage.

5. Equality Impact

5.1 Consideration has been given to compliance with section 75 of the Northern Ireland Act 1998 and no equality issues have been identified by the Department.

6. Regulatory Impact

6.1 The Department does not consider that there is a need for a regulatory impact assessment for this instrument as it has no impact on business, charities or voluntary bodies.

7 Financial Implications

7.1 The impact on the public sector is limited to the area of police pensions provision. It is not anticipated to result in any costs.

8. Section 24 of the Northern Ireland Act 1998

8.1 The proposed legislation is considered compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

9.1 Not applicable.

10 Parity or Replicatory measure

10.1 As a consequence of the 2020 Pension Scheme Valuation, UK-wide police pension schemes will require legislative amendment to address a similar shortfall in employee contributions.

11. Additional Information

11.1 Not applicable.