EXPLANATORY MEMORANDUM TO

THE SUPERANNUATION (ADMISSION TO SCHEDULE 1 TO THE SUPERANNUATION ACT 1972) ORDER 2017

2017 No. 1261

1. Introduction

1.1 This explanatory memorandum has been prepared by the Cabinet Office and is laid before Parliament by Command of Her Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 This Order will come into force on 4th January 2018 and makes provision for adding employments and offices to Schedule 1 to the Superannuation Act 1972 (c.11) ("the Act"), enabling people serving in those offices and employments to be members of the schemes made under section 1 of the Act. It also removes employments from the same Schedule. This Order also amends two entries in Schedule 1 to the Act to reflect changes in the name of the employing body.

2.2 The Principal Civil Service Pension Scheme, the Civil Service Additional Voluntary Contribution Scheme, the Civil Service Compensation Scheme and the Civil Service Injury Benefits Scheme are schemes that have been made under section 1 of the Act.

3. Matters of special interest to Parliament

3.1 The provisions in articles 2 to 8 of this Order (with the exception of articles 3(1)(c) and 3(2)(c)) have retrospective effect. Retrospective provision is authorised by section 1(8)(a) of the Act.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to the negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Section 1 of the Act gives to the Minister for the Civil Service powers to make, maintain and administer schemes to provide pensions, allowances or gratuities to civil servants and other persons whose employments or offices are listed in Schedule 1 to the Act. The Act further permits the Minister to add employments or offices to Schedule 1, conditional on the employment or office being paid out of moneys provided by Parliament, the Consolidated Fund, the Scottish Consolidated Fund or a fund specified in the order that is a fund established by or under an Act of Parliament.

4.2 Subject to transitional arrangements, the Principal Civil Service Pension Scheme closed to new entrants on 1 April 2015, however inclusion in Schedule 1 also means that people serving in those offices and employments are also potentially eligible to be members of the Alpha pension scheme established by the Public Service (Civil

Servants and Others) Pensions Regulations 2014 made under section 1 of the Public Services Pensions Act 2013.

4.3 Schemes that have been made under section 1 of the Act and under section 1 of the Public Services Pensions Act 2013 are collectively referred to below as the Civil Service Pension Arrangements ("the CSPA").

5. Extent and Territorial Application

5.1 The extent of this instrument is the United Kingdom.

5.2 The territorial application of this instrument is the United Kingdom.

6. European Convention on Human Rights

6.1 The Minister for Government Resilience and Efficiency, Caroline Nokes MP, has made the following statement regarding Human Rights:

"In my view the provisions of the Superannuation (Admission to Schedule 1 to the Superannuation Act 1972) Order 2017 are compatible with the Convention rights."

7. Policy background

What is being done and why

7.1 The bodies added to Schedule 1 to the Act by this instrument wish to join the CSPA rather than run their own pension arrangements. Membership of the CSPA avoids the administration and associated costs of setting up separate arrangements and makes available economies of scale provided by the CSPA. In all cases the bodies will be required to make contributions to the CSPA at a level set to meet the full costs of the accruing superannuation liability associated with their staff. The Cabinet Office ensure that admitted employments or offices are within the public sector and have suitable controls over pay to protect the Civil Superannuation Vote, from which pensions are paid.

7.2 The bodies removed from Schedule 1 to the Act by this instrument have either been abolished or have ceased to provide services as part of the public sector. Their continued membership of the CSPA is therefore inappropriate.

7.3 This instrument also amends two entries in Schedule 1 to the Act to reflect changes in the name of the employing body.

8. Consultation outcome

8.1 For those bodies and offices which are to be added to Schedule 1 and admitted to the CSPA, consultations were carried out as part of negotiations with those bodies and their sponsoring Departments during the process of their applications to join the CSPA.

9. Guidance

9.1 No guidance has been produced to accompany this instrument, the contents of which are self-explanatory.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 The impact on the CSPA will be an increased number of participants in the schemes with an associated increase in costs, however the impact on the public sector as a whole is a saving in administration for public sector bodies by enabling them to join existing pension arrangements and benefit from the support provided by Cabinet Office.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to activities that are undertaken by small businesses.

12. Monitoring & review

12.1 Membership of the CSPA and the need for amendments to Schedule 1 to the Act are subjects under constant review.

13. Contact

13.1 Linda Huth at the Cabinet Office (Telephone: 01256 846133 or email: linda.huth@cabinetoffice.gov.uk) can answer any queries regarding the instrument.