
Northern Ireland Judicial Pension Scheme Annual Report and Accounts For the year ended 31 March 2021

*Laid before the Northern Ireland Assembly by the
Department of Finance
under section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001*

9 July 2021



Department of
Justice

An Roinn Dlí agus Cirt

Mánnystrie O tha Laa

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strategic.engagement@justice-ni.gov.uk or telephone: 028 9052 0141.

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ACCOUNTABILITY

The Accountability section of the Annual Report outlines how the Northern Ireland Judicial Pension Scheme meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The two sub-sections within the Accountability Report are outlined below.

i Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the Scheme's governance structures and how they support the achievement of its objectives.

As a minimum, the corporate governance report must include:

- Report of the Managers;
- Report of the Actuary;
- Statement of Accounting Officer's Responsibilities; and
- Governance Statement.

ii Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Statement of Outturn against Assembly Supply and supporting notes;
- Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

CORPORATE GOVERNANCE REPORT

REPORT OF THE MANAGERS

Background to the Scheme

Statutory basis for the Scheme

The Northern Ireland Judicial Pension Scheme ('NIJPS' or 'the Scheme') was established on 1 April 2015 by the Department of Justice to make pension provision for devolved judicial office holders. The establishment of the Scheme was driven by wider public service pension reform following the publication of the final report of the Independent Public Service Pensions Commission in March 2011 which included the recommendations that government should:

- replace final salary pension schemes with new career average schemes; and
- link members' pension age to state pension age in new schemes.

Subsequently, the *Public Service Pensions Act (Northern Ireland) 2014* provided the statutory framework for the establishment of reformed public service pensions in Northern Ireland for eligible devolved judicial office holders. This Act names the Department of Justice as the Responsible Authority for making Scheme regulations for holders of judicial office.

The *Judicial Pensions Regulations (Northern Ireland) 2015* appointed the Department of Justice as the Scheme Manager responsible for managing and administering this new career average judicial pension scheme.

The previous final salary judicial pension scheme, provided for by the *Judicial Pensions and Retirement Act 1993 (JUPRA)*, continues to be administered by the Ministry of Justice (MoJ).

Eligibility to join the Scheme

The *Public Service Pensions Act (Northern Ireland) 2014 (Judicial Offices) Order (Northern Ireland) 2015* specifies the judicial offices for which pension provision is made in the Scheme.

A judge is eligible to join the Scheme if he or she was:

- first appointed to an eligible judicial office after 1 April 2012;
- in eligible service at 1 April 2012, and at that date under 51 years 6 months; or
- in eligible service at 1 April 2012, and at that date under the age of 55, and has reached the end of any period of tapering protection.

Membership of the Scheme includes both salaried and fee-paid devolved judicial office holders.

Main features of the Scheme, including benefits and how they are funded

The key elements of the Scheme are:

- a pension scheme design based on career average accrual model;
- no restriction on the number of accruing years in service;
- an accrual rate of 2.32% of pensionable earnings each year;
- revaluation of active, deferred and retired scheme members' benefits in line with the index set under the *Pensions (Increase) Act (Northern Ireland) 1971* (currently in line with the Consumer Prices Index (CPI));
- Normal Pension Age linked to State Pension Age;
- Scheme is registered for tax purposes;
- optional tax-free lump-sum commutation at a rate of 12:1, subject to limits and regulations set by HM Revenue and Customs (HMRC); and
- pension for surviving adults of 37.5% of the member's pension, and pensions for eligible children.

Pension benefits

The Scheme is a career average pension scheme. Every Scheme year, members will bank an amount of pension in their individual pension account at a rate of 2.32% of their pensionable earnings in that Scheme year. For full-time salaried members of the judiciary, and those on salaried part-time working arrangements, pensionable earnings will equate to their actual salary in that Scheme year. A judge's final pension is then made up of the amounts banked each Scheme year, with index-linking applied.

Annual revaluation (index-linking) of benefits

The value of a member's pension is maintained by applying index-linking annually. The rate of indexation applies to all Scheme members, be they active, deferred or retired. There is nothing in the legal framework that guarantees increases by reference to a particular index. The Scheme, like other public service schemes, will apply the increase as directed by an Order made by the Department of Finance (DoF). The DoF Order sets the rate as equivalent to the Consumer Prices Index (CPI) - a measure of inflation calculated by the Office for National Statistics. The revaluation will occur at the beginning of each subsequent Scheme year, i.e. April. The Scheme Rules do not set out the method of revaluing pensions and, like other public service pension schemes, the Scheme is increased under the provisions of the *Pensions (Increase) Act (Northern Ireland) 1971*. The revaluation of the member's pension applies to the entire pension pot at the beginning of each year. Each member receives an annual benefit statement clearly explaining the current value of his or her pension.

Management and corporate governance of the Scheme

The governance of the Scheme has three specific elements:

- Scheme Manager;
- Scheme Advisory Board; and
- Pension Board.

Scheme Manager

The Department of Justice (the 'Department') is the Responsible Authority and Scheme Manager for the Scheme. Within the Department, responsibility for the role of Scheme Manager lies with the Director of Access to Justice.

Scheme Advisory Board

The purpose of the Northern Ireland Judicial Pension Scheme Advisory Board ('the Scheme Advisory Board') is to provide advice, at the Department's request, to the Responsible Authority on the desirability of any changes to the Scheme.

Membership of the Northern Ireland Judicial Pension Scheme Advisory Board is as follows:

Name	Board role	Other relevant position held	How appointed
Russell Agius	Independent Chair	Independent Member, Judicial Pension Board (Ministry of Justice)	By Scheme Manager
Peter Luney	Employer representative (until 30 April 2021)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Mark Goodfellow	Employer representative (from 4 May 2021)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
His Honour Judge Geoffrey Miller QC	Member representative	County Court Judge	By Chair with Lord Chief Justice of Northern Ireland approval

Management and corporate governance of the Scheme (continued)*Pension Board*

The purpose of the Northern Ireland Judicial Pension Board ('the Pension Board') is to assist the Scheme Manager in securing compliance with:

- the Scheme regulations and other legislation relating to the governance and administration of the Scheme; and
- the requirements in relation to the Scheme of the Pensions Regulator.

The Pension Board is also responsible for assisting the Scheme Manager in the performance of its functions under the Scheme regulations.

Membership of the Northern Ireland Judicial Pension Board is as follows:

Name	Board role	Other relevant position held	How appointed
Russell Agius	Independent Chair	Independent Member, Judicial Pension Board (Ministry of Justice)	By Scheme Manager
Peter Luney	Employer representative (until 30 April 2021)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Mark Goodfellow	Employer representative (from 4 May 2021)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
His Honour Judge Geoffrey Miller QC	Member representative	County Court Judge	By Chair with Lord Chief Justice of Northern Ireland approval
Susan Andrews	Independent Board Member	Independent Board Member, Judicial Pension Board (Ministry of Justice)	By Chair with Scheme Manager approval

The Pension Board has oversight, on behalf of the Department as Scheme Manager, in a variety of areas including assurance and governance of the administration of the Scheme and internal control procedures. This in turn also provides assurance to the Departmental Accounting Officer.

Further details are contained within the Governance Statement in the Corporate Governance Report.

Arrangements governing determination of contribution rates and benefits

The Scheme is a career average pension scheme in line with other reformed public service pension schemes made under the *Public Service Pensions Act (Northern Ireland) 2014*.

Member contributions

Member contribution rates are set in regulations and result in the Scheme receiving an average member contribution yield of 6.8%. The member contribution rates below were effective during the year 1 April 2020 to 31 March 2021. As there is no limit on the number of years of pension accrual under the Scheme, contributions are payable throughout service. The rates were fixed in the Scheme regulations until 2019-20. However the Department of Justice made the *Judicial Pensions (Amendment) Regulations (Northern Ireland) 2020* on 10 January 2020. These amending regulations:

- maintain the existing member contribution rates for the financial year 2020-21 and each thereafter, until alternative provisions are made;
- uprate the earning thresholds under £150,001 per annum of the member contribution rate structure for the Scheme in line with CPI on and from 1 April 2020; and
- uprate the earning thresholds each year with the increase in the CPI in the 12 months to the previous September, rounded up to the nearest pound. If the CPI rate is negative, or amounts to zero, the earning thresholds will remain unchanged.

Annual rate of pensionable earnings 2020-21	Rate of member contributions
Up to but not including £22,005	4.60%
£22,005 to but not including £52,392	5.45%
£52,392 to but not including £150,001	7.35%
£150,001 and above	8.05%

Annual rate of pensionable earnings 2021-22	Rate of member contributions
Up to but not including £22,116	4.60%
£22,116 to but not including £52,654	5.45%
£52,654 to but not including £150,001	7.35%
£150,001 and above	8.05%

For those judicial office holders not working on a full-time basis, member contributions are calculated under an actual earnings approach. Under this approach, contributions are assessed on the annual rate of pensionable earnings in each pay period. This will fluctuate within a given Scheme year dependent on the applicable member contribution rate for that pay period. All member contributions paid in respect of the Scheme are subject to tax relief. As there are no dependant pension contributions paid under the Scheme, a refund will not be provided to those without dependants at retirement.

Employer contributions

The employer contribution rate during 2020-21 was 51.35%. This comprised the rate of 51.10% recommended by the Government Actuary's Department (GAD) plus 0.25% of pensionable pay to reflect the cost of Scheme administration. The employer contribution rate will be the same for 2021-22.

Benefits

There have been no changes in benefits since the Scheme was established on 1 April 2015.

Pension reforms

In 2015 reforms to public service pensions were introduced, meaning most public service scheme members were moved to new reformed pension schemes. A mechanism for assessing the value of pensions (the 'cost control mechanism') was also introduced as part of the 2015 reforms. The cost control mechanism includes the Employer Cost Cap and the Scheme Valuation.

Employer cost cap

An employer cost cap has been set for the Scheme and is used for measuring changes in the cost of the Scheme. The employer cost cap is expressed as a percentage of pensionable earnings of all members of the Scheme and is the target cost to the employer for the Scheme. The employer cost cap figure is included in the Scheme regulations and provides a benchmark for future valuations of Scheme costs. Member contribution rates may be amended to reflect the changing cost of the Scheme if an actuarial valuation of the Scheme shows a substantial change (two percentage points above or below) in the overall cost of the Scheme, either up or down.

Scheme valuations update

Scheme regulations incorporate provision for a cost control mechanism. In January 2019, the Government announced a pause to the cost control mechanism in public service pension schemes. This was due to uncertainty about benefit entitlements arising from the McCloud judgment on age discrimination in public service pension schemes.

In March 2019, DoF made the *Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (NI) 2019* which gave effect to this pause for devolved NI schemes by removing the requirement for scheme actuaries to report on issues connected with the cost cap of the schemes. This enabled work to be completed on the 2016 valuation, based on the position as at 31 March 2016. The 2016 Scheme valuation report has been finalised without reference to the cost cap mechanism and the Scheme has been able to proceed with necessary action to implement employer contribution rates from 1 April 2019.

In July 2020, the Government announced it will commence the process for new valuation directions to re-establish the cost cap for public service schemes. Following consultation with member representatives, DoF will publish revised valuation directions which will enable the 2016 valuation to be completed and the final cost cap results to be determined. These results will take into account the increased value of public service pensions, attributable to the McCloud remedy.

McCloud ruling

In December 2018, the Court of Appeal ruled that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful.

In June 2019, the Supreme Court refused permission for any further appeal of that ruling and the judicial and firefighter cases in question were remitted to the Employment Tribunal to determine a remedy to members who suffered discrimination. In July 2019, the Westminster government confirmed that, as transitional protection was offered to members of all the main public service pension schemes, the Government intends to address the difference in treatment across all schemes.

Pension reforms (continued)

Ministry of Justice and HM Treasury

MoJ and HM Treasury separately consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgment. The approach taken will inform decisions about the Northern Ireland Judicial Pension Scheme and also provides a reasonable basis for the Scheme to calculate an updated pension liability based on the latest information available. The consultation document issued by MoJ on 16 July 2020 proposed that the McCloud remedy should apply to members in service on 31 March 2012 and 1 April 2015.

MoJ published their responses to the consultation documents on 25 February 2021, confirming their intention to hold an options exercise and reform the scheme as proposed.

NIJPS and Department of Finance

The reformed public service schemes in Northern Ireland, including the NIJPS, incorporate similar age-based transitional protections. DoF consulted on proposals to i) remove discrimination in unfunded public service schemes made under the *Public Service Pensions Act (Northern Ireland) 2014* for the future; and, ii) remedy the effect of any discrimination scheme members may have incurred since April 2015. The DoF consultation launched in August 2020. DoF issued its consultation response on 25 February 2021 and it proposes to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

Separate consultation arrangements applied to the scheme for NIJPS due to the particular features of how the previous reforms were introduced. The NIJPS consultation was published on 14 October 2020 by the Department of Justice (DoJ). The NIJPS consultation proposed that judges in scope of McCloud are given a choice whether to have accrued benefits in either JUPRA/Fee-Paid Judicial Pension Scheme (FPJPS) or in NIJPS from 1 April 2015 to 1 April 2022. In order to be in scope judges must have been in office on 31 March 2012 and 31 March 2015 and a member, or entitled to be a member, of JUPRA/FPJPS on those dates. The choice would be made via a formal 'options exercise' after 1 April 2022. DoJ received no responses to this consultation.

A NIJPS Advisory Board meeting took place on 21 May 2021 to allow Board members to consider the draft DoF directions and consider GAD's advice on the 2016 valuation unpause. The Board provided some comments to DoJ to feed back to DoF's consultation on draft directions. The DoF consultation finished on 14 June 2021.

The Justice Committee discussed the post consultation documents for the NIJPS McCloud remedy and future reformed scheme on 25 March 2021. The Committee agreed that it was content with the Department's proposals in respect of the McCloud remedy and judicial pension reforms (these proposals replicate the MoJ proposals in regard to their Judicial Pension Scheme upon which the NIJPS is based). The Committee also agreed that it was content in principle with the proposal to proceed with the legislative changes by way of a legislative consent motion, subject to sight of relevant Westminster legislation. DoJ officials are now working in conjunction with DoF (who have responsibility for public service pensions) and MoJ to bring forward the necessary legislative requirements.

Note 14.1 provides further details in respect of the approach adopted by NIJPS for calculating the impact of the McCloud legal judgment and 2016 valuation cost control.

Other key developments and issues during 2020-21

In 2018-19 the Department of Justice, in its role as Responsible Authority for the Scheme, had anticipated making further amendments to the Scheme regulations, such as in respect of transitional protection portability for eligible fee-paid judicial office holders, and to remove negligence as a basis for forfeiture or set-off of pension. Work on progressing the amended instruments has been paused whilst the McCloud ruling and pension scheme reform are considered.

MoJ also published a consultation about reforms to judicial pensions on 16 July 2020. As a result of negative impacts on recruitment and retention of judges caused by the 2015 pension scheme reforms, MoJ intends to resurrect the old pension scheme (JUPRA/FPJPS) from April 2022 for all eligible judges and make some modernisations to it in terms of governance and accountability arrangements. It is important to seek to maintain parity between remuneration arrangements for devolved tribunal's judiciary in Northern Ireland and our courts judiciary (whose terms and condition of appointment and remuneration is a matter for the Lord Chancellor rather than the devolved administration). Therefore the DoJ consultation paper on a reformed judicial pension scheme, which was published on 14 October 2020, mirrored the proposals made in the MoJ consultation. DoJ received no responses to this consultation.

Membership statistics (movement in year)

Details of the current membership of the Scheme are outlined below:

<u>Active members</u>	<u>2020-21</u> <u>Total</u>	<u>2019-20</u> <u>Total</u>
Members at 1 April	56	52
<i>Add:</i>		
New entrants	1	5
Transfers in	-	-
<i>Less:</i>		
Retirements	-	-
Deaths in service	-	-
Transfers out	*(1)	*(1)
Members at 31 March	56	56

* Record removed as member never made contributions to the Scheme.

There are no pensions in payment within the Scheme.

Due to the impact of McCloud, no additional members will join the Scheme through a tapering arrangement.

Employing departments

The membership per employing department at the end of the reporting period was as follows:

	<u>Department for</u> <u>Communities</u>	<u>Department for</u> <u>the Economy</u>	<u>Department</u> <u>of Justice</u>	<u>2020-21</u> <u>Total</u>	<u>2019-20</u> <u>Total</u>
Salaried members	2	6	1	9	8
Fee-paid members	41	6	-	47	48
Total	43	12	1	56	56

Financial position

The financial statements show the income, expenditure, assets and liabilities for the Scheme. As there have been no pension payments to date, the £0.784 million contributions receivable during the year (2019-20: £1.166 million) will be paid to the Consolidated Fund as excess cash receipts during 2021-22. The balance on Taxpayers' Equity reflects the current and past service costs, pension financing cost and actuarial loss on the year-end pension liability.

The table below summarises the Estimate and Outturn position for 2020-21:

Category of expenditure	Estimate £000	Outturn £000	Outturn vs Estimate saving/ (excess) £000
Income	(1,480)	(784)	(696)
Current service cost	3,300	1,188	2,112
Past service cost	-	-	-
Interest	280	109	171
Net Resource Outturn	2,100	513	1,587

For the purposes of the Estimates, the key figures of current service, past service and interest costs are based primarily on information provided by the Government Actuary's Department (GAD). However, given the underlying uncertainties and sensitivities of assumptions with any pension projections, a prudent approach is adopted by the Scheme in terms of including headroom cover in the Estimate for income and expenditure. This cover was not subsequently required and was the main contributing factor to the overall level of savings on Net Resource Outturn in 2020-21.

Going concern

In accordance with the *Government Financial Reporting Manual*, the financial statements for the Scheme in respect of the financial year to 31 March 2021 are prepared on a going concern basis. The Statement of Financial Position as at 31 March 2021 shows net liabilities of £7.460 million (2019-20: £5.422 million) reflecting liabilities due in future years. It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Scheme is funded by the Northern Ireland Assembly through the annual Supply Estimates process and by employer and member contributions to the Scheme. Further information regarding the accounting policy on going concern is provided in Note 2.2.

Covid-19

The Scheme has considered the impact of the Covid-19 outbreak on the pension liability. As outlined in the Report of the Actuary, it is too early to speculate on any potential long-term effects of the pandemic on mortality rates; therefore at this stage no amendments have been made to the assumptions underpinning the liability. This will be reviewed ahead of the 2021-22 accounts.

Information for Members

Supplementary information available to members

Further information, including the Scheme Guide and information relating to the Scheme Advisory Board and Pension Board, is available on the Department of Justice website at: <https://www.justice-ni.gov.uk/articles/northern-ireland-judicial-pension-scheme>.

Information about Freestanding Additional Voluntary Contributions and Stakeholder Pensions

Members may put in place their own arrangements for making payments to institutions which offer Freestanding Additional Voluntary Contribution Schemes to build up a pension pot to be invested by the third-party provider and which will be drawn according to HMRC rules. It should be noted that in relation to money purchase benefits, the value of the pension will depend on several factors including the amount of the contributions paid, the performance of investments and the cost of converting the benefit into an annuity. The Managers of the Northern Ireland Judicial Pension Scheme have no responsibility in connection with such arrangements and no employer contributions were made to Freestanding Additional Voluntary Contribution Schemes in 2020-21.

Names and addresses relevant to the Scheme

<p><u>Accounting Officer</u></p> <p>Peter May Department of Justice Block B Castle Buildings Stormont Estate Belfast BT4 3SG</p>	<p><u>Bankers</u></p> <p>Danske Bank Donegall Square West Belfast BT1 6JS</p>
<p><u>Administrators</u></p> <p>Xafinity Punter Southall Administration Limited Albion Fishponds Road Wokingham RG41 2QE</p>	<p><u>Legal advisers</u></p> <p>Departmental Solicitor's Office Victoria Hall 12 May Street Belfast BT1 4NL</p>
<p><u>Actuary</u></p> <p>Government Actuary's Department Finlaison House 15-17 Furnival Street London EC4A 1AB</p>	<p><u>Auditors</u></p> <p>Northern Ireland Audit Office 1 Bradford Court Upper Galwally Belfast BT8 6RB</p>

Contacts for enquiries

Enquiries by members can be made:

- in writing to:

*Northern Ireland Judicial Pension Scheme
Management Support Branch
Northern Ireland Courts and Tribunals Service
Laganside House
23-27 Oxford Street
Belfast
BT1 3LA;*

- by telephone: 028 9072 8863; or
- by e-mailing: NIJPS@courtsni.gov.uk.

REPORT OF THE ACTUARY

Introduction

This statement has been prepared by the Government Actuary's Department (GAD) at the request of the Department of Justice (DoJ). It provides a summary of GAD's assessment of the Scheme liability in respect of the Northern Ireland Judicial Pension Scheme (NIJPS) as at 31 March 2021, and the movement in the Scheme liability over the year 2020-21, prepared in accordance with the requirements of Chapter 9 of the 2020-21 version of the *Financial Reporting Manual*.

The NIJPS is primarily a career average defined benefit scheme, providing pension and lump sum benefits on retirement, death and resignation. However, many members' benefits are expected to be more like a final salary scheme as a result of the McCloud judgement. The Scheme is wholly unfunded. I am not aware of any informal practices operated within the Scheme which lead to a constructive obligation.

The assessment has been carried out by calculating the liability as at 31 March 2019 based on the data provided as at 31 March 2019 and rolling forward that liability to 31 March 2021.

Membership data

Tables A to C summarise the principal membership data as at 31 March 2019 used to prepare this statement.

Table A - Membership data summary as at 31 March 2019

	Number of members	Total pensionable pay* £000	Average age	Total accrued CARE pension £000
Males	20	585	50.6	47
Females	32	888	49.3	65
Total	52	1,473	49.8	112

* Pensionable pay is the actual annual pay for the relevant period.

Methodology

The present value of the liabilities as at 31 March 2021 has been determined using the Projected Unit Credit Method (PUCM), with allowance for expected future pay increases in respect of active members, and the demographic and financial assumptions applying as at 31 March 2021. The current service cost (expressed as a percentage of pensionable pay) in respect of accruing costs in the year ended 31 March 2021 was determined using the PUCM and the demographic and financial assumptions applicable at the start of the year, that is, those adopted as at 31 March 2020 in the 2019-20 accounts.

This statement takes into account the benefits normally provided under the scheme, including age retirement benefits, ill-health retirement benefits and benefits applicable following the death of the member. It does not include the cost of injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members.

Financial assumptions

The principal financial assumptions adopted to prepare this statement are shown in **Table B**.

Table B - Principal financial assumptions

Assumption	31 March 2021 per annum	31 March 2020 per annum
Nominal discount rate	1.25%	1.80%
Rate of increase in pensions in payment and deferred pensions (assuming CPI inflation)	2.22%	2.35%
Rate of general pay increases	3.72%	4.10%
Rate of short-term general pay increase	n/a	n/a
Real discount rate in excess of:		
• CPI inflation	(0.95)%	(0.50)%
• long-term pay increases	(2.38)%	(2.20)%
Expected return on assets	n/a	n/a

The assessment of the liabilities allows for the known pension increases up to and including April 2021.

Demographic assumptions

Table C summarises the mortality assumptions adopted to prepare this statement. The table refers to the standard mortality tables prepared by the Continuous Mortality Investigation (CMI) [part of the Actuarial Profession] known as the 'S2 tables' with the percentage adjustments to those tables derived from scheme experience.

Table C - Post-retirement mortality assumptions

Baseline Mortality	Standard table*	Adjustment
Males	S2NMA_L	92%
Females	S2NFA	80%

* From the 'S2' series of standard tables published by the CMI and based on the experience of self-administered pension schemes. Separate tables are available based on experience of members retiring in normal and ill-health and for dependants.

The assumptions in **Table C** above are the same as those adopted for the 2016 valuation of the UK Judicial Pension Scheme and the accounts as at 31 March 2020.

Mortality improvements are now assumed to be in line with the latest 2018-based projections for the United Kingdom published by the ONS in October 2019. This is the same assumption as that used for the 2019-20 accounts.

The other demographic assumptions, such as for commutation and family statistics, are unchanged from the 2019-20 accounts.

Liabilities

Table D summarises the assessed value as at 31 March 2021 of benefits accrued under the Scheme prior to this date based on the data, methodology and assumptions described above. The corresponding figures for the previous year are shown for comparison. The liabilities at 31 March 2020 and 2021 both include an allowance for the higher cost of benefits accruing under McCloud.

Table D - Statement of Financial Position

	31 March 2021	31 March 2020
	£000	£000
Total market value of assets	Nil	Nil
Value of liabilities	7,460	5,422
Surplus/(Deficit)	(7,460)	(5,422)
of which recoverable by employers	n/a	n/a

Accruing costs

The cost of benefits accrued in the year ended 31 March 2021 (the current service cost) is assessed as 83.7% of pensionable pay.

For the avoidance of doubt, the actual rate of contributions payable by employers and members is not the same as the current service cost assessed for the accounts. Members contributed between 4.60% and 8.05% of pensionable pay, depending on the level of their pay. The actual employer contribution rate was determined as part of a funding valuation using different assumptions. **Table E** shows the employer and member contributions during the year 2020-21 as a percentage of pensionable pay, and compares the total contributions with the current service cost assessed for the 2020-21 accounts.

Table E - Contribution rate

	2020-21	2019-20
	% of pay	% of pay
Employer contributions*	51.1%	51.1%
Member contributions (average)	6.8%	6.6%
Total contributions	57.9%	57.7%
Current service cost (expressed as a % of pay)	83.7%	68.0%

* In addition, employers contributed 0.25% pay in respect of expenses.

The key difference between the assumptions used for funding valuations and accounts is the discount rate, although price inflation and salary increases are also determined differently and the assumption for future improvements in life expectancy has been updated. The discount rate for accounts is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19.

The pensionable payroll for the financial year 2020-21 was £1.355 million (derived from contributions payable by employers over the year). Based on this information, the accruing cost of pensions in 2020-21 (at 83.7% of pay) is assessed to be £1.134 million. This includes an allowance for the higher cost of benefits accruing over the year under McCloud.

Past service costs arise when an employer undertakes to provide a different level of benefits than previously promised. A past service cost has been recognised over 2020-21 and this is discussed in note 14.1. I am not aware of any other events that have led to a material past service cost over 2020-21.

I am not aware of any events that have led to a material settlement or curtailment gain or loss over 2020-21.

Sensitivity analysis

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty I have been asked to indicate the approximate effects on the actuarial liability as at 31 March 2021 of changes to the most significant actuarial assumptions.

The most significant financial assumptions are the discount rate, general earnings increases and pension increases (currently based on CPI). A key demographic assumption is pensioner mortality.

Table F shows the indicative effects on the total liability as at 31 March 2021 of changes to these assumptions (rounded to the nearest 0.5%).

Table F - Sensitivity to significant assumptions

Change in assumption	Approximate effect on total liability		
	%	£000	
Financial assumptions			
(i) discount rate*:	+0.5% p.a.	-12.5%	-933
(ii) long-term earnings increase*	+0.5% p.a.	+4.0%	+298
(iii) pension increases*:	+0.5% p.a.	+10.0%	+746
Demographic assumptions			
(iv) additional 1 year increase in life expectancy at retirement		+4.0%	+298

* *Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.*

Covid-19 implications

As with the accounts last year, the 2020-21 Resource Accounts are being produced when the UK continues to deal with the Covid-19 pandemic. I have considered the potential implications of how this pandemic could impact on the actuarial calculations required for the Resource Accounts.

The assumptions for the discount rate and pension increases are specified by HM Treasury in the PES (2020) 12 Revised, dated 18 December 2020, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

The long-term salary assumption is set by DoJ, having taken actuarial advice, and is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for a reduction in our view of the long-term salary increases as well as lower short-term forecasts from the Office for Budget Responsibility.

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. My view is that it remains too early in the pandemic to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

Michael Scanlon FIA

Deputy Chief Actuary

Government Actuary's Department

29 June 2021

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the *Government Resources and Accounts Act (Northern Ireland) 2001*, the Department of Finance has directed the Northern Ireland Judicial Pension Scheme to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

The financial statements must give a true and fair view of the state of affairs of the Scheme at the year end and of the net resource outturn and cash flows for the year then ended. The financial statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Northern Ireland Assembly or material transactions that have not conformed to the authorities that govern them. In addition, the financial statements must be prepared so as to ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme Rules and the recommendations of the Actuary.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

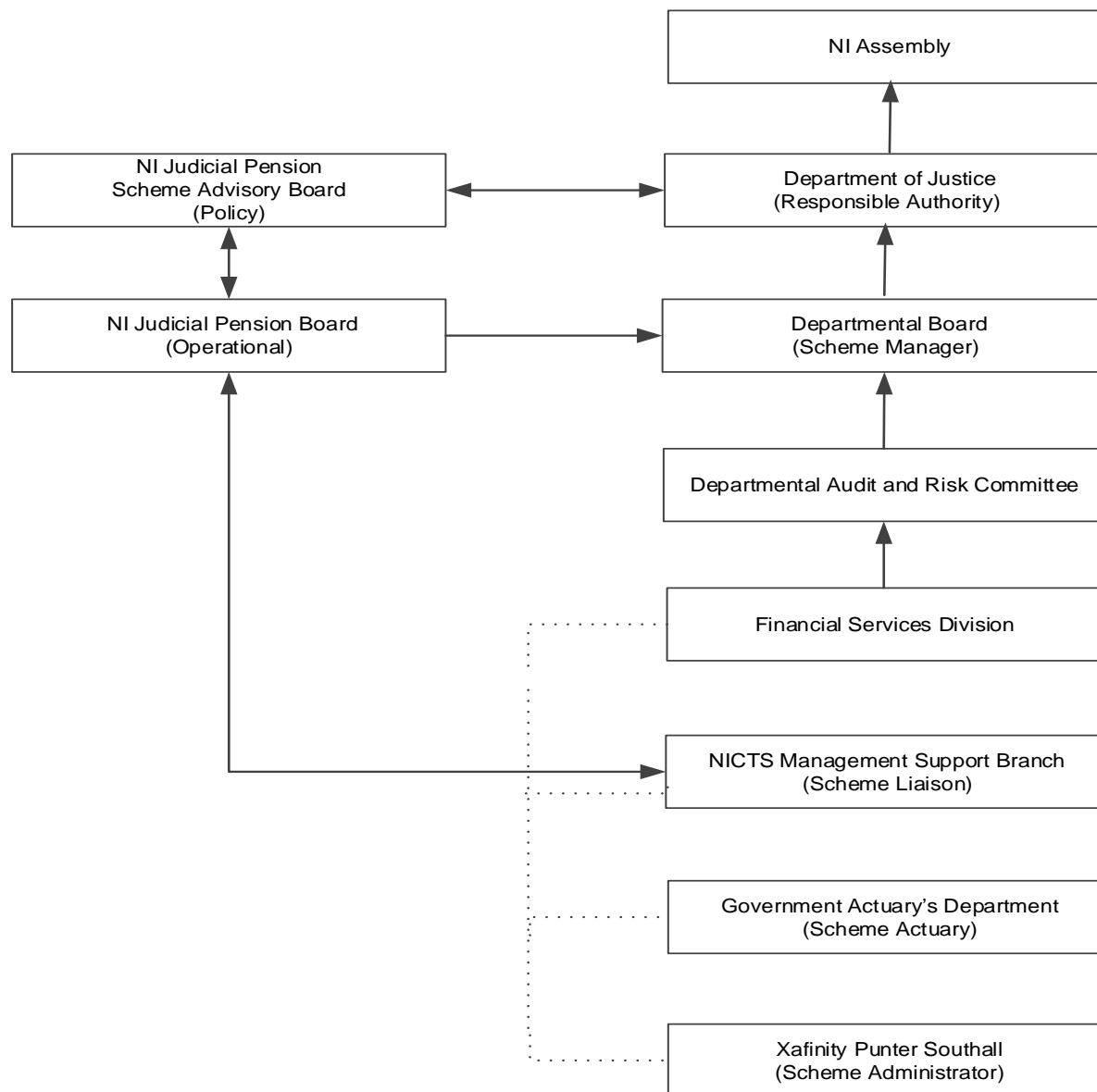
The Department of Finance has appointed the Permanent Head of the Department of Justice as Accounting Officer for the Northern Ireland Judicial Pension Scheme. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Pension Scheme, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and published in *Managing Public Money Northern Ireland*.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Scheme's auditors are aware of that information. So far as I am aware, there is no relevant information of which the auditors are unaware.

GOVERNANCE STATEMENT

1. Governance structure

The Scheme adheres to the following governance structure:



The key organisational structures which support the delivery of effective corporate governance in relation to the Scheme are the:

- Departmental Board;
- Departmental Audit and Risk Committee;
- Northern Ireland Judicial Pension Board; and
- Northern Ireland Judicial Pension Scheme Advisory Board.

Departmental Board

The Board is chaired by the Permanent Secretary and it is the senior tier for decision making within the Department. Its role is to provide corporate leadership within the policies determined by the Minister and for the establishment and scrutiny of the corporate governance arrangements. The Board operates as a collegiate forum; it takes ownership of the Department's performance and provides advice to the Minister. The Board meets monthly to consider progress on strategic and management issues, including finance and personnel. It also monitors performance against the draft Business Plan on a quarterly basis. It is supported by the Departmental Audit and Risk Committee and Strategic Resources Committee.

Key work of the Departmental Board during the year included:

- delivery of the Department's key priorities against the Business Plan within the constraints of significant financial pressures and political uncertainty;
- contributing to the delivery of the relevant outcomes within the Outcomes Delivery Plan;
- monitoring and mitigating against Departmental risks;
- overseeing the management of the Department's resources including staff, information, physical and financial resources;
- responding to the Covid-19 pandemic;
- working collaboratively with the Department's Strategic HR Business Partner to plan, monitor and address HR issues; and
- monitoring the Department's legislative programme.

Attendance by members is shown below for the 10 meetings of the Board during 2020-21:

Position	Member	Attendance
Permanent Secretary	Peter May - Chair	10/10
Director, Access to Justice*	Anthony Harbinson (August 2020 onwards)	7/7
	Glyn Capper (April to July 2020)	3/3
Director, Justice Delivery	Deborah Brown	10/10
Director, Reducing Offending	Ronnie Armour	9/10
Director, Safer Communities	Julie Harrison	9/10
Non-Executive Member	Clarke Black	10/10
Non-Executive Member	David Brown	10/10

* Mr Anthony Harbinson was seconded to the NI Covid-19 Hub as Acting Chief of Staff from March to July 2020. Mr Capper was temporarily promoted to Acting Director of Access to Justice for a period during the secondment of Mr Harbinson.

Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) is constituted as a sub-committee of the Departmental Board and acts in an advisory capacity. It provides assurance to the Board that effective systems are in place to monitor risk management, internal controls and governance across the Department and its ALBs. The DARC also oversees the performance and work of Internal Audit in those bodies funded by the Department.

The Committee is chaired by an independent Non-Executive Member of the Departmental Board and membership is made up of three other members. Other DARC attendees include the Department's Directors together with representatives from the Northern Ireland Audit Office (NIAO), Internal Audit, Financial Services Division and Corporate Engagement and Communications Division.

Key work of the DARC included consideration of:

- NIAO audit strategy and reports to those charged with governance;
- Internal Audit's plan including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- risk management and corporate governance;
- financial governance, fraud reporting and accountability grids;
- annual reports and accounts;
- audit qualification issues and recommendations from Public Accounts Committees and Value for Money reports;
- programme and project management delivery confidence landscape; and
- information assurance report.

Attendance by members is shown below for the four meetings of the Committee during 2020-21:

Position	Member	Attendance
Non-Executive Member	Clarke Black - Chair	4/4
Non-Executive Member	David Brown	4/4
Independent Member	Brigitte Worth - Senior Civil Servant in Department of Health	2/4
Independent Member	Graeme Wilkinson - Senior Civil Servant in Department for the Economy	3/4

Northern Ireland Judicial Pension Board

In accordance with the *Judicial Pensions Regulations (Northern Ireland) 2015*, the Northern Ireland Judicial Pension Board ('the Pension Board') has been established to support and assist the Scheme Manager in securing compliance with:

- the Scheme regulations and other legislation relating to the governance and administration of the Scheme; and
- the requirements in relation to the Scheme of the Pensions Regulator.

The Pension Board is also responsible for assisting the Scheme Manager in the performance of its functions under the Scheme regulations.

Attendance by members is shown below for the four meetings of the Pension Board during 2020-21:

Position	Member	Attendance
Chair	Russell Agius	3/4
Employer representative	Peter Luney	4/4
Member representative	His Honour Judge Geoffrey Miller QC	4/4
Independent Board Member	Susan Andrews	3/4

Key work of the Pension Board included:

- monitoring the risk register of the Scheme;
- reviewing performance of the Scheme administrators;
- preparing the annual report for the Scheme Manager to provide assurance that the Pension Board has fulfilled its roles and responsibilities; and
- observing the Judicial Pension Board and Scheme Advisory Board for judiciary in England and Wales. This primarily involved its deliberations on scheme valuation.

Northern Ireland Judicial Pension Scheme Advisory Board

In accordance with the *Judicial Pensions Regulations (Northern Ireland) 2015*, the Northern Ireland Judicial Pension Scheme Advisory Board ('the Scheme Advisory Board') has been established to provide advice to the Department, upon request from the Department, as Responsible Authority, on the desirability of any changes to the Scheme.

The Scheme Advisory Board was not required to convene in 2020-21.

Internal Audit

Internal Audit services to the Department are provided by a Group Internal Audit and Fraud Investigation Service. Internal Audit staff from the Department of Finance (DoF) deliver the Internal Audit service to the Scheme as well as the Core Department, its Agencies and a number of arm's length bodies (ALBs).

A Memorandum of Understanding and Service Level Agreement covering the Internal Audit arrangements have been agreed between DoF and DoJ. Data Sharing Agreements are also in place to ensure compliance with General Data Protection Regulations (GDPR).

Internal Audit undertake an annual review of the Scheme in order to provide an independent professional opinion on the adequacy and effectiveness of risk management, control and governance.

The scope of the most recent review included the following areas:

- Scheme Rules to include appropriate authority to pay and valuations;
- governance structures and functions;
- oversight, review and monitoring; and
- audit, assurance and accounts.

The final report was issued by Internal Audit in June 2021 and provided a satisfactory audit opinion.

Information Risk Owners Council (IROC)

IROC members are accountable for the management of the information assurance risks in their respective business areas. As a Council it reports to the Senior Information Risk Owner and consults with the Department's Departmental Security Officer. The membership is made up of lead Senior Information Asset Owners at Senior Civil Service level, drawn from across the business areas of the Department, its Agencies and ALBs. The Department's Chief Information Officer and Data Protection Officer attend ex-officio, as their responsibilities include Data Protection and relations with the Information Commissioner.

The role of the Council is to ensure that the value of information the Department holds or uses is identified and utilised to the fullest extent to support the government's strategic objectives, while understanding the risks to information and ensuring that the necessary controls are in place to protect information from inappropriate use. The members are also responsible individually for managing all information in their business areas in ways that preserve its confidentiality, integrity and availability appropriately. IROC also provides a channel for communication and co-ordination between the Department and NICS corporate initiatives. IROC oversees the ongoing embedding of the GDPR regime within the Department.

2. Risk management and internal control

The Department aims to assess and effectively manage risk to the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Department's Risk Management Framework is in line with best practice set out in the Northern Ireland Audit Office report on 'Good Practice in Risk Management'.

The Framework details the Department's approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management.

This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Director provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Departmental Board, the Departmental Audit and Risk Committee and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level were documented in risk registers and reviewed during the year.

A risk management workshop held in October 2020 considered and reviewed the risk appetite statement, reviewed the Department's approach to Risk Management and populated a new risk register focussing on the strategic risks linked to the delivery of the Business Plan.

The Corporate risks identified through this process included:

- Resources;
- Capability;
- Capacity;
- Covid-19;
- Accommodation;
- Collaboration;
- Community confidence; and
- Information.

The Corporate Risk Register continues to be reviewed regularly by the Departmental Board at its monthly meetings. It was also routinely provided to Departmental Audit and Risk Committee meetings.

In addition to the Risk Register, an Issues log was also developed during the course of this year and issues included:

- EU Exit;
- Legacy;
- Response to the Covid-19 pandemic;
- Implementation of the Troubles Permanent Disablement Payment Scheme; and
- Damage to the main building used by FSNI.

Although the Covid-19 pandemic has continued to be a significant issue for the Department, key services have continued to be delivered through an innovative and flexible response across the Department.

3. Review of effectiveness of the governance framework

The Accounting Officer has responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across the Department which includes:

- management boards;
- audit committees with independent membership;
- management statement and financial memorandum with sponsored bodies;
- governance reviews;
- sponsor control monitoring;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

An independently facilitated review of effectiveness of the Board was conducted in January 2021. A number of minor process improvements were identified and these have largely been implemented.

Information presented to the Board is fundamental for its assessment and understanding of the performance of the department. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. The information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of to support decision making and drive improvement. The Board considers that it is fulfilling its governance requirements.

The Department worked closely with criminal justice partners, Northern Ireland departments and Whitehall in advance of the end of the Transition Period on 31 December 2020 to ensure that the specific Northern Ireland related impacts of EU Exit were identified and mitigated as much as possible. Since then, work has concentrated on monitoring the impact of the Law Enforcement and Judicial Cooperation provisions contained within the Trade and Cooperation Agreement including preparation of a gap analysis. This will inform further work to refine the provisions and to contribute to Home Office analysis of new arrangements that may be required, including bi-lateral arrangements between the UK and individual Member States.

4. Budget position

The Assembly passed the *Budget Act (Northern Ireland) 2021* in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The *Budget Act (Northern Ireland) 2021* also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated *Budget (No. 2) Bill* before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

5. Significant internal control issues

There were no significant internal control issues identified during the year for NI Judicial Pension Scheme.

6. Accounting Officer statement on assurance

The Department and NIJPS have an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity.

In addition, independent assurance is provided by the Department's Internal Audit service, provided by DoF, operating to Public Sector Internal Audit Standards. Internal Audit delivers an agreed prioritised programme of systems based audits covering all Departmental and NIJPS systems over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done. For the 2020-21 year an overall satisfactory assurance was provided for the Department and the specific Internal Audit report covering NIJPS also provided a satisfactory audit opinion.

The Department and NIJPS have maintained a framework of control to ensure that there are sufficient control processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control. I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support the Department and NIJPS in delivering their statutory duties and to meet the aims and objectives set by the Minister, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in *Managing Public Money Northern Ireland*.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT**ASSEMBLY ACCOUNTABILITY****Statement of Outturn against Assembly Supply (SOAS)**

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FRM)* requires the Northern Ireland Judicial Pension Scheme to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the Department of Finance (DoF) website.

The supporting notes detail the following: a reconciliation of Outturn to Net Expenditure in the Statement of Comprehensive Net Expenditure, to tie the SOAS to the financial statements (Note 1); a reconciliation of Net Resource Outturn to Net Cash Requirement (Note 2); an analysis of income payable to the Consolidated Fund (Note 3); and a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Note 4).

Key to information presented in the Statement of Outturn against Assembly Supply:

Colour	Type of expenditure
	Outturn
	Estimate
	Outturn vs Estimate saving/(excess)

The notes on pages 43 to 56 form part of these Accounts.

Summary Tables - mirror Part II and III of the Estimates

Summary Table 2020-21 - all figures presented in £000s

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total	
Request for Resources A	SOAS 1	1,297	(784)	513	3,580	(1,480)	2,100	1,587	(503)
Total Resources	SOAS 2	1,297	(784)	513	3,580	(1,480)	2,100	1,587	(503)
Non-operating Accruing Resources		-	-	-	-	-	-	-	-

Net Cash Requirement 2020-21 - all figures presented in £000s

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
Net Cash Requirement	SOAS 2	-	500	500	-

Summary of income payable to the Consolidated Fund - all figures presented in £000s

In addition to accruing resources, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics).

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Total amount payable to the Consolidated Fund	SOAS 3	-	-	784	824

The notes on pages 43 to 56 form part of these Accounts.

Notes to the Statement of Outturn against Assembly Supply - all figures presented in £000s**Budgeting framework**

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by HM Treasury.

The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME); and
- Departmental Expenditure Limit (DEL).

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, who in turn report to HM Treasury.

As DEL budgets are understood and controllable, HM Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital:

- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets; and
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

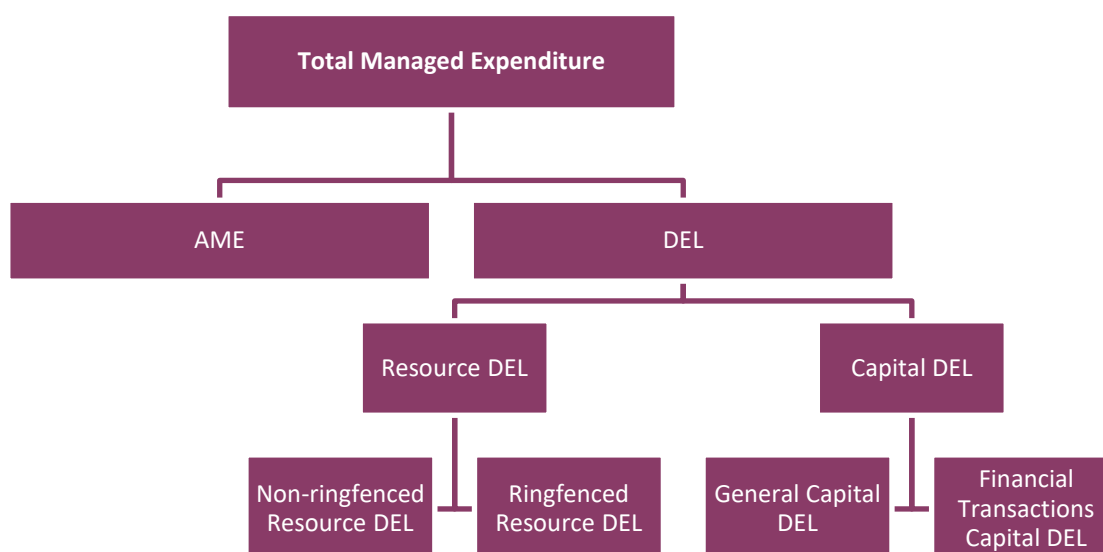
The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury:

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.

The notes on pages 43 to 56 form part of these Accounts.

Budget structure



Budgetary performance

Details of the NI Judicial Pension Scheme performance against Budgetary Control totals is set out in the table below for 2020-21.

Category of expenditure	Final Plan £000	Provisional Outturn £000	Underspend/ (Overspend) £000
Resource DEL	-	-	-
Capital DEL	-	-	-
Total DEL	-	-	-
Resource AME	2,100	513	1,587
Total Managed Expenditure	2,100	513	1,587

A prudent approach was adopted by the Scheme in terms of including headroom cover in the Estimate for income and expenditure. This cover was not subsequently required and was the main contributing factor to the overall level of savings for AME.

The notes on pages 43 to 56 form part of these Accounts.

SOAS 1 Reconciliation of Net Resource Outturn to Net Expenditure

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
Net Resource Outturn	SOAS 1	513	2,100	1,587	(503)
Net Expenditure/(Income) in Statement of Comprehensive Net Expenditure		513	2,100	1,587	(503)

As noted in the introduction to the SOAS above, Outturn and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the Resource Outturn to Net Expenditure, linking the SOAS to the financial statements.

SOAS 2 Reconciliation of Net Resource Outturn to Net Cash Requirement

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
Resource Outturn	SOAS 1	513	2,100	1,587
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
New provisions and adjustments to previous provisions	14	(1,188)	(3,580)	(2,392)
Other non-cash items	9	(109)	-	109
Use of pension provisions	14	-	1,980	1,980
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 3	784	-	(784)
Net Cash Requirement		-	500	500

As noted in the introduction to the SOAS above, Outturn and Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the Resource Outturn to the Net Cash Requirement.

The notes on pages 43 to 56 form part of these Accounts

SOAS 3 Income payable to the Consolidated Fund

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

In addition to income retained by the Department, the following income is payable to the Consolidated Fund (cash receipts being shown in *italics*).

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		-	-	-	-
Non-operating income and receipts - excess Accruing Resources		-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Other amounts collected on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS 2	-	-	784	824
Total amount payable to the Consolidated Fund		-	-	784	824

SOAS 4 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

Item	Note	Outturn	Prior Year Outturn Total 2019-20
Operating income	3	784	1,166
Income authorised to be Accruing Resources		(784)	(1,166)
Operating income payable to the Consolidated Fund	SOAS 3	-	-

The notes on pages 43 to 56 form part of these Accounts

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

Losses and special payments

There were no losses or special payments during 2020-21 (2019-20: Nil).

Remote contingent liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Scheme is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Scheme has no such liabilities.

Note 16 provides further details regarding the contingent liabilities that are included within the financial statements.

ACCOUNTABILITY REPORT



Peter May
Accounting Officer

5 July 2021

The notes on pages 43 to 56 form part of these Accounts.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY**Opinion on financial statements**

I certify that I have audited the financial statements of the Northern Ireland Judicial Pension Scheme (the Scheme) for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes.

In my opinion the financial statements:

- give a true and fair view of the state of the Scheme's affairs as at 31 March 2021 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Northern Ireland Judicial Pension Scheme in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)**Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Scheme's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, and my audit certificate and report. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

Matters on which I report by exception

In the light of the knowledge and understanding of the Scheme and its environment obtained in the course of the audit, I have not identified material misstatements in the other information.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Scheme will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Scheme through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

- making enquires of management and those charged with governance on the Scheme's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: management override of controls and the accuracy and presentation of the Statement of Assembly Supply;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Board and Committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.
- addressing the risk of fraud in relation to the accuracy and presentation of the Statement of Assembly Supply (SoAS) by:
 - ensuring all balances included in the SoAS have been accurately extracted from the underlying accounting records and primary financial statements; and
 - reviewing the composition of current asset and current liability balances in the Statement of Financial Position to ensure items are accurately classified for net cash requirement calculation purposes.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

9 July 2021

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure**

For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Income			
Contributions receivable	3	(784)	(1,166)
Transfers in	4	-	-
Other pension income	5	-	-
Expenditure			
Service cost	6	1,188	562
Enhancements	7	-	-
Transfers in	8	-	-
Pension financing cost	9	109	101
Net expenditure/(income)	SOAS 1	<u>513</u>	<u>(503)</u>
Other comprehensive net expenditure:			
Pension re-measurements - actuarial loss	14.7	741	1,153
Comprehensive net expenditure for the year		<u>1,254</u>	<u>650</u>

The notes on pages 43 to 56 form part of these Accounts.

Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Current assets			
Receivables	11	877	1,227
Cash and cash equivalents	12	-	-
Total current assets		877	1,227
Current liabilities			
Payables (within 12 months)	13	(877)	(1,227)
Total current liabilities		(877)	(1,227)
Net current assets/(liabilities) excluding pension liability		-	-
Pension liability	14.2	(7,460)	(5,422)
Net liabilities including pension liability		(7,460)	(5,422)
Taxpayers' equity			
General fund		(7,460)	(5,422)
Total taxpayers' equity		(7,460)	(5,422)

Peter May
Accounting Officer

5 July 2021

The notes on pages 43 to 56 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	Note	General Fund 2020-21 £000	General Fund 2019-20 £000
Balance at 1 April		(5,422)	(3,606)
CFERs payable to the Consolidated Fund		(784)	(1,166)
Net (expenditure)/income for the year		(513)	503
Actuarial loss	14.7	(741)	(1,153)
Net change in Taxpayers' Equity		<u>(2,038)</u>	<u>(1,816)</u>
Balance at 31 March		<u>(7,460)</u>	<u>(5,422)</u>

The notes on pages 43 to 56 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net (expenditure)/income for the year		(513)	503
Adjustment for non-cash transactions		-	-
Decrease/(increase) in receivables	11	350	(508)
<i>less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		-	-
Increase/(decrease) in payables – pensions		-	-
(Decrease)/increase in payables - other payables	13	(350)	508
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		366	(508)
Increase in pension provision	14.4	1,297	663
Use of provisions		-	-
Net cash inflow from operating activities		1,150	658
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		-	-
From the Consolidated Fund (non-Supply)		-	-
Net financing		-	-
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		1,150	658
Receipts due to the Consolidated Fund which are outside the scope of the Scheme's activities		-	-
Payments of amounts due to the Consolidated Fund	13	(1,150)	(658)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The notes on pages 43 to 56 form part of these Accounts.

Notes to the Accounts

1. Basis of preparation of the Scheme financial statements

The financial statements of the Northern Ireland Judicial Pension Scheme ('the Scheme') have been prepared in accordance with the relevant provisions of the 2020-21 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. IAS 19 *Employee Benefits* and IAS 26 *Accounting and Reporting by Retirement Benefit Plans* are of particular relevance to these statements.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Scheme to prepare an additional statement - a Statement of Outturn against Assembly Supply. This statement, and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Northern Ireland Judicial Pension Scheme

The Northern Ireland Judicial Pension Scheme is an unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department of Justice on behalf of members who satisfy the membership criteria.

Contributions to the Scheme by employers and members are set at rates determined by the Scheme's Actuary and approved by the Department of Justice. The contributions partially fund payments made by the Scheme, the balance of funding being provided by the Northern Ireland Assembly through the annual Supply Estimates process. The administrative expenses associated with the operation of the Scheme are borne by the employing departments within the Scheme and are reported in their annual accounts.

The financial statements of the Scheme show the financial position of the Northern Ireland Judicial Pension Scheme at the year end and the income and expenditure during the year. The Statement of Financial Position shows the unfunded net liabilities of the Scheme; the Statement of Comprehensive Net Expenditure shows the factors contributing to the net liability analysed between the pension cost and the interest on the Scheme liability. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme financial statements should be read in conjunction with that Report.

The financial statements also have regard to the *Public Service Pensions Act (Northern Ireland) 2014*, the *Public Service Pensions Act (Northern Ireland) 2014 (Judicial Offices) Order (Northern Ireland) 2015*, the *Judicial Pensions Regulations (Northern Ireland) 2015* and the *Government Resources and Accounts Act (Northern Ireland) 2001*.

2. Statement of accounting policies

The accounting policies contained in the *FReM* follow IFRS to the extent that they are meaningful and appropriate in the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the Scheme financial statements.

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Going concern

The Statement of Financial Position at 31 March 2021 shows net liabilities of £7.460 million (2019-20: £5.422 million). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grant-in-aid approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the Department which funds the Scheme. Under the *Government Resources and Accounts Act 2001*, no money may be drawn from the Fund by the Department other than that required to service the specified year or retained in excess of that need. There is no reason to believe that the future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Scheme's financial statements for 2020-21.

2.3 Contributions receivable

Employers' normal contributions are accounted for on an accruals basis. Members' contributions, which include amounts paid in respect of the purchase of added years/added pension but which exclude Additional Voluntary Contributions (AVCs), are accounted for on an accruals basis. The increase in the pension liability associated with the purchase of added years/added pension is recognised as expenditure.

2.4 Transfers in and out

Transfers in and out are generally accounted for on a cash basis. However, where the Scheme has formally accepted or transferred a liability, for example in the case of a group transfer, transfers are accounted for on an accruals basis. Transfers in are simultaneously recognised as income and expenditure (i.e. the increase in the pension liability is accounted for at the same time as the associated income). Any material transfers that have been agreed but not settled by the end of the financial year, or which are still under negotiation, are disclosed by way of a narrative note.

2.5 Other pension income

Other income, such as interest on transfer values and pension premiums recovered from employers in the event of early retirement, is accounted for on an accruals basis.

2.6 Pension liability

Provision is made for liabilities to pay pensions and other benefits in the future. The pension liability is measured on an actuarial basis using the projected unit credit method and is discounted at the rate applicable at 31 March 2021 being (0.95)% discount rate net of CPI. The Scheme applies assumptions for the discount rate and the rate of inflation as prescribed by HM Treasury. Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of the *FReM*. In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting period date and updates it to reflect current conditions. *FReM* stipulates that approximate actuarial assessments in intervening years between formal valuations using updated membership data are accepted as providing suitably robust figures for reporting purposes.

The pension liability included in these financial statements has been calculated using membership data as at 31 March 2019 and demographic assumptions adopted for the 2016 full funding valuation of the UK Judicial Pension Scheme. Membership data has subsequently been rolled forward via the application of contribution cash flows as a proxy for membership movements through to 31 March 2021. These assumptions represent significant judgements on behalf of the scheme. Whilst this approach is reasonable and provides an appropriate basis for IAS 19 valuation purposes in line with *FReM* requirements, it introduces some degree of uncertainty. It should therefore be recognised that the results of the IA19 valuation at 31 March 2021 included in these financial statements may differ from those that would emerge following a full actuarial valuation based on actual membership data at 31 March 2021.

2.7 Current service cost

The current service cost is the increase in the present value of the Scheme liability arising from members' service in the current period and is recognised in the Statement of Comprehensive Net Expenditure. The cost is based on the assumptions used by the actuary.

2.8 Past service cost

The past service cost is a change in the Scheme liability resulting from either:

- a Scheme amendment (the introduction or withdrawal of, or changes to, the Scheme); or
- a curtailment (a significant reduction in the number of members covered by the Scheme due to management action).

2.9 Pension financing cost

The pension financing cost (or interest cost) is the change during the year in the Scheme liability that arises from the passage of time. Future payments are one year closer to payment at the end of the year than at the start of the year and so there is one year's less discounting applied in the calculation of the Scheme liability.

2.10 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis. Pension benefits are treated as payable only from the time that the Scheme itself has accepted liability.

2.11 Pension payments to those retiring at their normal retirement age

Pension payments made to those retiring at their normal retirement age are accounted for as a decrease in the Scheme liability on an accruals basis.

2.12 Pension payments to and on account of leavers before their normal retirement age

Where a member of the Scheme is entitled only to a refund of contributions, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis.

2.13 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

2.14 Actuarial losses and gains

Actuarial losses and gains arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the reporting period date are recognised in the Statement of Comprehensive Net Expenditure.

2.15 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The Scheme continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. Further information is provided in Notes 2.6 and 14. The estimates and assumptions relating to the pension liability have the most significant risk of causing a material adjustment to the carrying amounts. Further information including the assumptions underpinning

the pension liability, calculation approach for the McCloud legal judgment and a sensitivity analysis is set out in Note 14.

2.16 Impending application of standards adopted during 2020-21 and accounting standards not yet effective

The Scheme has reviewed:

- accounting standards, interpretations and amendments to published standards and *FReM*;
- accounting standards, interpretations and amendments to published standards not yet effective; and
- financial reporting - future developments.

The Scheme considers that these are not relevant or material to the operation of the Scheme.

3. Contributions receivable

	2020-21 £000	2019-20 £000
Employers:		
- Normal	692	1,032
Members:		
- Normal	92	134
- Purchase of added years	-	-
	784	1,166

£1.192 million contributions are expected to be payable to the Scheme in 2021-22.

4. Transfers in

	2020-21 £000	2019-20 £000
Group transfers in from other schemes	-	-
Individual transfers in from other schemes	-	-
	-	-

5. Other pension income

	2020-21 £000	2019-20 £000
Refunds of gratuities received	-	-
Amounts receivable in respect of:		
- Bringing forward the payment of accrued superannuation lump sums	-	-
- Capitalised cost of enhancement to pensions payable at normal retirement age	-	-
	-	-

6. Service cost

	Note	2020-21 £000	2019-20 £000
Current service cost	14.4	1,134	1,374
Past service cost	14.4	54	(812)
		1,188	562

The past service costs relate to the legal case (McCloud) which resulted in the need to make changes in respect of transitional protection arrangements introduced as part of public service pension reforms in 2015. Further information is set out in Note 14.1.

7. Enhancements

	2020-21 £000	2019-20 £000
Employers:		
- Bringing forward the payment of accrued lump sums	-	-
- Enhancements to pensions on departure	-	-
- Enhancements to pensions on retirement	-	-
Members:		
- Purchase of added years	-	-
- Refunds of gratuities	-	-
	-	-

8. Transfers in - additional liability

	2020-21 £000	2019-20 £000
Group transfers in from other schemes	-	-
Individual transfers in from other schemes	-	-
	-	-

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Statement of Comprehensive Net Expenditure as expenditure as part of the movements in the provision during the year.

9. Pension financing cost

	Note	2020-21 £000	2019-20 £000
Net interest on defined benefit liability	14.4	109	101
		<u>109</u>	<u>101</u>

10. Additional Voluntary Contributions (AVCs)

There were no AVCs during 2020-21 or 2019-20.

11. Receivables - contributions due in respect of pensions

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Pension contributions due from employers	33	69
Members' normal contributions	4	8
Amount due from Ministry of Justice	839	1,149
Other receivables	1	1
Amount due from the Consolidated Fund in respect of supply	-	-
Amounts falling due within one year	<u>877</u>	<u>1,227</u>
Amounts falling due after more than one year	-	-
Total receivables	<u>877</u>	<u>1,227</u>

Included within these figures is £0.861 million (2019-20: £1.227 million) that will be due to the Consolidated Fund once the debts are collected.

12. Cash and cash equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April	-	-
Net change in cash balances	-	-
Balance at 31 March	<u>-</u>	<u>-</u>
The following balances at 31 March were held at:		
NI banking pool and cash in hand	-	-
Balance at 31 March	<u>-</u>	<u>-</u>

13. Payables - in respect of pensions

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Other payables	16	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:		
- Received	824	1,150
- Receivable	37	77
Amounts falling due within one year	877	1,227
Amounts falling due after more than one year	-	-
Total payables	877	1,227

14. Pension liability**14.1 Assumptions underpinning the pension liability**

The Northern Ireland Judicial Pension Scheme is an unfunded defined benefit scheme. The Government Actuary's Department (GAD) carried out an assessment of the Scheme liabilities as at 31 March 2021. The Report of the Actuary sets out the scope, methodology and results of the work the actuary has carried out.

The Scheme Manager together with the actuary and the auditor have reviewed, as far as practicable, the range of information that the Scheme Manager should make available to the actuary in order to meet the expected requirements of the Scheme auditor. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- following consultation with the actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key assumptions used by the actuary were:

Financial assumptions:

At 31 March:	2021	2020	2019	2018	2017
Nominal discount rate	1.25%	1.80%	2.90%	2.55%	2.80%
Rate of increase in pensions in payment and deferred pensions (assuming CPI inflation)	2.22%	2.35%	2.60%	2.45%	2.55%
Rate of general pay increases	3.72%	4.10%	4.10%	n/a	n/a
Real discount rate in excess of CPI inflation	(0.95)%	(0.50)%	0.29%	0.10%	0.24%

14.1 Assumptions underpinning the pension liability (continued)**Post-retirement mortality assumptions:**

Baseline Mortality	Standard table*	Adjustment
Males	S2NMA_L	92%
Females	S2NFA	80%

* From the 'S2' series of standard tables published by the CMI and based on the experience of self-administered pension schemes. Separate tables are available based on experience of members retiring in normal and ill-health and for dependants.

Life expectancies*:

At 31 March:	2021 Years	2020 Years	2019 Years	2018 Years	2017 Years
Life expectancy at age 65 - current pensioners					
Men	23.9	23.8	24.7	24.6	25.3
Women	25.7	25.6	26.4	26.3	26.9
Life expectancy at age 65 - current age 45					
Men	25.5	25.4	26.6	26.5	27.5
Women	27.2	27.2	28.3	28.2	29.0

* In all cases, life expectancies relate to members retiring in normal health.

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Scheme liabilities. However, the Scheme Manager acknowledges that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the greatest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the *FReM*, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the above table. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability.

In accordance with IAS 19 the Scheme Manager is required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses, are included in the analysis of the pension liability below.

14.1 Assumptions underpinning the pension liability (continued)

Calculation approach for the McCloud legal judgment and 2016 valuation cost control

Claims of age discrimination were brought in relation to the terms of transitional protection by members of the Judiciary in the McCloud legal case and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes.

In October 2020, DoJ consulted on changes to the transitional arrangements to the 2015 scheme as a result of this judgment. In particular, it proposed that the McCloud remedy will be achieved through an options exercise, likely to take place in 2022, which offers members who were in service on 31 March 2012 and 31 March 2015 a choice whether to have retrospectively accrued benefits in either the relevant pre-2015 scheme or NIJPS from 1 April 2015. It is expected that all or almost all members will elect to return to the relevant pre-2015 scheme, and the previous GAD calculations are consistent with this approach.

In July 2020 HM Treasury consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgment and, at the same time, an update on the Cost Control Element of the 2016 valuations was published. In this update, the Government announced that the pause should be lifted and the cost control element of the 2016 valuations could be completed. This update also set out that the McCloud costs would fall into the 'member cost' category of the cost control element of the valuations process. It is also noted that by taking into account the increased value as a result of the McCloud remedy, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. The Department of Finance (DoF) also consulted on changes to the transitional arrangements to the wider public service pension schemes in August 2020.

The 2016 Scheme valuation was paused as a consequence of the McCloud ruling. Following consultation with member representatives, DoF will publish revised valuation directions which will enable the 2016 valuation to be completed and the final cost cap results to be determined. These results will take into account the increased value of public service pensions, attributable to the McCloud remedy.

Past service costs

The Scheme liability as at 31 March 2021 includes an allowance for changes to the additional benefits payable to eligible members as a result of the McCloud remedy. The £0.054m past service cost recognised over 2020-21 is an estimate of the additional cost of refunding contributions to eligible members, which was not included in the allowance as at 31 March 2020. This additional cost has been estimated based on the Department of Justice's consultation response published on 30 March 2021. This is to make a refund based on contributions paid by eligible members over 2018-19, 2019-20 and 2020-21 such that eligible members are placed in the same position as if these members had contributed to the relevant final salary scheme.

14.2 Analysis of the pension liability

Present value of the actuarial liability in respect of:

	2020-21 £000	2019-20 £000
Active members (past service)	7,460	5,422
Deferred members	-	-
Pensions in payment	-	-
Total liabilities	7,460	5,422

Pension Scheme liabilities accrue over members' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Scheme liability, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

The value of the liability on the Statement of Financial Position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation it is considered appropriate to increase or decrease the assumed rates of inflation or increase in salaries, the value of the pension liability will increase or decrease. The Scheme Manager accepts that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in Note 14.4. The note also discloses experience gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

14.3 Sensitivity analysis

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below.

Change in assumptions:

		Approximate effect on total liability	
		%	£000
Financial assumptions			
(i) discount rate*:	+0.5% a year	-12.5%	-933
(ii) (long-term) earnings increase*:	+0.5% a year	+4.0%	+298
(iii) pension increases*:	+0.5% a year	+10.0%	+746
Demographic assumptions			
(iii) additional 1 year increase in life expectancy at retirement		+4.0%	+298

* Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.

14.4 Analysis of movement in the Scheme liability

	Note	2020-21 £000	2019-20 £000
Scheme liability at 1 April		5,422	3,606
Current service cost	6	1,134	1,374
Past service cost	6	54	(812)
Pension financing cost	9	109	101
Enhancements	7	-	-
Pension transfers in	4	-	-
Benefits payable	14.5	-	-
Actuarial loss	14.7	741	1,153
Scheme liability at 31 March		7,460	5,422

The cumulative past service costs in respect of the McCloud ruling amounted to £0.642 million at 31 March 2021 (2019-20: £0.588 million) which represents 8.61% of the total Scheme liability (2019-20: 10.8%).

Contribution rates:

The following table sets out the employer and member contributions during the year 2020-21 as a percentage of pensionable pay. Corresponding figures for the year 2019-20 are provided for comparison.

	2020-21 % of pay	2019-20 % of pay
Employer contributions (excluding expenses*)	51.1%	51.1%
Member contributions (average)	6.8%	6.6%
Total contributions	57.9%	57.7%

* In addition, employers contributed 0.25% pay in respect of expenses

The member's contribution rate depends on the individual's pensionable pay, and so the average rate will depend on the salary profile of the workforce in future years.

14.5 Analysis of benefits paid

	2020-21 £000	2019-20 £000
Pensions or annuities to retired members and dependants (net of recoveries or overpayments)	-	-
Commutations and lump sum benefits on retirement	-	-
Total benefits paid	-	-

14.6 Analysis of payments to and on account of leavers

	2020-21	2019-20
	£000	£000
Refunds to members leaving service	-	-
Individual transfers to other schemes	-	-
Total payments to and on account of leavers	-	-

14.7 Analysis of actuarial (loss)/gain

	2020-21	2019-20
	£000	£000
Experience gains/(losses) arising on the Scheme liabilities	30	(258)
Changes in assumptions underlying the present value of Scheme liabilities	(771)	(895)
Total actuarial (loss)/gain	(741)	(1,153)

14.8 History of experience gains/(losses)

	2020-21	2019-20	2018-19	2017-18	2016-17
Experience (losses)/gains arising on the Scheme liabilities:					
- Amount (£ thousand)	30	(258)	1	(6)	7
- Percentage of the present value of the Scheme liabilities	0.4%	(4.8)%	0.0%	(0.4)%	0.8%
Total amount recognised in Statement of Changes in Taxpayers' Equity:					
- Amount (£ thousand)	(741)	(1,153)	103	1	(234)
- Percentage of the present value of the Scheme liabilities	(9.9)%	(21.3)%	2.8%	0.1%	(26.3)%

15. Financial instruments

As the cash requirements of the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to little credit, liquidity or market risk.

16. Contingent liabilities disclosed under IAS 37

McCloud judgment

Claims of age discrimination have been brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary. The Court of Appeal handed down its judgment on this claim on 20 December 2018 and ruled that the transitional protection arrangements were discriminatory on the basis of age. A written ministerial statement made by the Chief Secretary to the Treasury on 15 July 2019 set out the UK government's intention to remedy this discrimination across all public service pension schemes. The Ministry of Justice (MoJ) and HM Treasury separately consulted on changes to the transitional arrangements to the 2015 schemes as a result of this judgment.

The reformed public service schemes in Northern Ireland, including the NIJPS, incorporate similar age-based transitional protections. The Department of Finance (DoF) consulted on proposals to i) remove discrimination in unfunded public service schemes made under the *Public Service Pensions Act (Northern Ireland) 2014* for the future; and, ii) remedy the effect of any discrimination scheme members may have incurred since April 2015. The DoF consultation launched in August 2020. DoF issued its consultation response on 25 February 2021 and it proposes to proceed with the deferred choice underpin. This approach means all eligible members will receive a choice at the point of retirement whether to take legacy or reformed scheme benefits for the period between 1 April 2015 and 31 March 2022, known as the remedy period.

Separate consultation arrangements will apply to the scheme for NIJPS due to the particular features of how the previous reforms were introduced. The NIJPS consultation was published on 14 October 2020 by DoJ. The NIJPS consultation proposed that judges in scope of McCloud are given a choice whether to have accrued benefits in either JUPRA/FPJPS or in NIJPS from 1 April 2015 to 1 April 2022. In order to be in scope judges must have been in office on 31 March 2012 and 31 March 2015 and a member, or entitled to be a member, of JUPRA/FPJPS on those dates. The choice would be made via a formal 'options exercise' after 1 April 2022. DoJ received no responses to this consultation.

The Justice Committee was briefed on the NIJPS post consultation responses (which mirror MoJ's closely) and proposed next legislative steps on 25 March 2021. The post consultation documents were published on 30 March 2021. Work is progressing on the legislative steps required to implement the remedy and reformed scheme.

The pension liability as at 31 March 2021 includes provision for management's best estimate of the higher expected costs to implement the remedy under the latest proposals based on information currently available. Should there be any further change to the proposals, amounts recognised may need to be revised.

Other legal cases

A number of legal cases have been lodged against public sector schemes, none of which are currently expected to have a material impact on NIJPS.

17. Related party transactions

The Scheme falls within the ambit of the Department of Justice. The Department is regarded as a related party with which the Scheme has had various material transactions during the year.

In addition, the Scheme has had material transactions with other government departments and other central government bodies who have members in the Scheme namely the Department for Communities and Department for the Economy.

None of the Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

18. Events after the reporting period

There were no events after the reporting period date that required adjustment to or disclosure in these financial statements.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 9 July 2021.