



Department of Finance

Report on the 2022 Review of the Effects of the Public Service Pensions Act (Northern Ireland) 2014

Laid in the Northern Ireland Assembly on 16 January 2023

Contents

| | |
|--|-----------|
| 1 EXECUTIVE SUMMARY | 3 |
| <i>Background</i> | 3 |
| <i>Approach</i> | 4 |
| <i>Key findings</i> | 5 |
| <i>Recommendations</i> | 5 |
| 2 INTRODUCTION | 6 |
| <i>Longevity</i> | 6 |
| <i>Future State Pension Age</i> | 7 |
| <i>Leaver behaviour in public service pension schemes</i> | 8 |
| <i>Other issues</i> | 8 |
| 3. LEAVER BEHAVIOUR IN PUBLIC SERVICE PENSION SCHEMES | 9 |
| <i>Comparison of Data</i> | 9 |
| <i>Active Membership</i> | 9 |
| <i>Ill Health Retirements</i> | 14 |
| <i>Additional Ill-Health retirement data tables</i> | 26 |
| <i>Age Retirements</i> | 32 |
| <i>Actuarial Early Retirements</i> | 38 |
| <i>Scheme Opt Outs</i> | 43 |
| <i>Summary of analysis of leave behaviour</i> | 51 |
| 4. COST CONTROL | 52 |
| <i>Other cost control changes</i> | 53 |
| 5. TRANSITIONAL PROTECTIONS | 54 |
| 6. FURTHER COMMENTARY ON THE RECOMMENDATIONS OF THE 2016 REVIEW | 58 |
| 7. CONCLUSIONS AND RECOMMENDATIONS | 59 |
| <i>FINDINGS OF THE 2022 REVIEW OF THE 2014 ACT</i> | 59 |
| <i>Recommendations</i> | 59 |
| Appendix 1 | 60 |
| Appendix 2 | 65 |

1 EXECUTIVE SUMMARY

1.1 On 1 June 2022 the Department of Finance commenced a review of how the provisions of the Public Service Pensions Act (Northern Ireland) 2014¹ (the Act) affect public servants.

1.2 The review is a requirement of section 10 of the Act itself:

‘The Department of Finance must conduct a review at intervals of not less than every two years following commencement of section 10 as to how the provisions of this Act affect the persons set out in section 1(2) and shall lay a report of the review before the Assembly on or before six months following the commencement of the review’².

1.3 The Department previously reviewed the effects of the Act in 2016³. This report now sets out the approach taken by the Department of Finance in conducting the 2022 review, together with the review findings. The report of the 2022 review was laid in the Assembly on 16 January 2023⁴.

Background

1.4 The Public Service Pensions Act (Northern Ireland) 2014 received Royal Assent on 11 March 2014. It set out provisions for reformed public service pension arrangements which Northern Ireland Departments, with responsibility for public service employments, were required to reflect in regulations for new schemes with effect from 1 April 2015.

1.5 These reforms replaced the Final Salary scheme design with a Career Average Revalued Earnings (CARE) scheme model and introduced a default link between normal scheme pension age and State Pension Age (SPA) for the main public sector employments. The Act made separate provision on pension age for police officers and firefighters. It specifies a normal pension age of 60 for the Police Scheme. It specifies that normal pension age for firefighters should be set in scheme regulations but at no lower than 55 and no higher than 60.

¹ <https://www.legislation.gov.uk/nia/2014/2/contents>

² <https://www.legislation.gov.uk/nia/2014/2/section/10>

³ https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/Report-on-the-2016-review-of-the-effects-of-the-provisions-of-the-Public-Service-Pensions-Act-Northern-Ireland-2014_0.pdf

⁴ Section 10 (9) of the 2014 Act specifies the report of a review should be laid in the Assembly within 6 months of its commencement. By convention the report would normally be approved for laying by Minister. In conjunction with legal advice from the Departmental Solicitor’s Office the Department determined to await the publication of the guidance on the exercise of departmental functions in the absence of Ministers, which departments must now have regard to under Section 3 of the Northern Ireland (Executive Formation etc.) Act 2022. <https://www.gov.uk/government/publications/guidance-on-decision-making-for-northern-ireland-departments-2022>

- 1.6 The Act originally also made transitional provision to mitigate the effects of the changes to scheme design and normal pension age for those closest to pension age at the time of their introduction in 2015. These transitional measures were subsequently found by the Courts to have discriminated against younger scheme members. This is now commonly referred to as the McCloud judgement⁵. As a result of the McCloud judgement the original transitional protections were consequently amended in the Public Service Pensions and Judicial Offices Act 2022⁶.
- 1.7 The 2015 reforms apply only to the pension benefits that members of public service pension schemes have built up from 1 April 2015. Pension rights attributable to public service before 1 April 2015 are unaffected. Pre-1 April 2015 accruals remain linked to final salary on retirement or resignation and current scheme members may still opt to retire and draw pre-April 2015 final salary pension entitlements at their previous scheme's normal scheme pension age if they choose to do so.
- 1.8 Due to the McCloud judgment alternative arrangements will now apply for some members of public service pension schemes for their service between 1 April 2015 and 31 March 2022. Affected members will be given a choice at the point of retirement to have their benefits during this period calculated under either 'legacy' or reformed scheme rules⁷. (Part 5 contains more detail on the 'McCloud' judgment and effects for transitional protections originally introduced under the 2014 Act). Different arrangements apply to the LGPS(NI) as set out in section 5.3 of this report.

Approach

- 1.9 The Department of Finance established a review body to take forward the 2022 Review. This group was constituted as a delegated subgroup of the Collective Consultation Working Group (CCWG). The CCWG is the recognised forum for engagement on public service pension policy in NI devolved schemes. It comprises representatives from Management Side and Member and Trade Unions Side (TUS) for each of the main public service schemes. The Northern Ireland Statistics and Research Agency (NISRA) provided technical advice on data analysis and presentation during the review. Terms of Reference for the 2022 CCWG review sub-group are at Appendix 1 to this report.
- 1.10 The 2016 review had established a baseline data position for the public service pension schemes within scope of the Act immediately prior to the introduction of the reforms on 1 April 2015. It also established a methodological approach for the annual collation of scheme data relevant to future reviews of the effects

⁵ <https://www.judiciary.uk/wp-content/uploads/2018/12/lord-chancellor-v-mcloud-and-ors-judgment.pdf>

⁶ <https://www.legislation.gov.uk/ukpga/2022/7/contents>

⁷ Affected members are those who were in post on or before 31 March 2012 and have service during the 'remedy' period of 1 April 2015 and 31 March 2022.

of the Act⁸. Building on the objectives of the 2016 review the 2022 Review group was mindful that, whilst the legislative requirement is for the effects of the provisions of the entire Act to be reviewed, the main feature of reformed schemes which has, and will likely continue to focus stakeholder attention over the course of future reviews, is the alignment of scheme pension age with the state pension age (SPA)⁹.

Key findings

- 1.11 Following consideration of the data which has been collated in the intervening period from 2016, the 2022 review does not record any observed trends for change in public service pension scheme leaver behaviour which would currently indicate a direct and evidence-based correlation to effects of the 2014 Act.
- 1.12 The findings of the 2016 review had concluded that insufficient time had elapsed to allow a sufficient body of data to accumulate on which evidence based analysis and conclusions on the effects of the pension age change could be based. In this regard the 2022 review reaffirms the 2016 findings that the effects of the statutory link between scheme pension age and SPA for public service workers are likely to become observable over a more sustained period and thus any attributable trend for change in leaver behaviour should be measurable in the medium to longer term.
- 1.13 The 2022 review group was encouraged that public service pension membership rates remained high and opt-out rates remain relatively low, indicating that scheme members recognise the benefits and relative value of public service pension provision in comparison to alternative options which may be available in the private sector.

Recommendations

- 1.14 Given the conclusions that any effects of the 2014 Act on leaver behaviour in the schemes is expected to be measurable over a sustained longer term the Department of Finance should continue to collate and monitor the data already identified as relevant to the 2016 and 2022 reviews. This will enable subsequent reviews to monitor any emergent trends, which could be attributed to the effects of the 2014 Act. A further review should be conducted at a future date in

⁸ Data request templates are issued annually to Directors of NICS Departments with responsibility for public service pension schemes in Northern Ireland for this purpose. It is the view of the 2022 review sub- group (as it was at the 2016 review) that consistency in the way relevant data is recorded and made available is of key importance for this review process.

⁹ This was apparent during the further consideration debate in the Assembly where during the debate on marshalled amendments on the effects of changes to pension age was the main provision debated, to the almost total exclusion of the other provisions of the bill: <http://www.niassembly.gov.uk/assembly-business/official-report/reports-13-14/27-january-2014/>

accordance with the requirements of the Act and future scheduling arrangements should be taken forward at the CCWG.

2 INTRODUCTION

2.1 The Public Service Pensions Act (Northern Ireland) 2014 (the Act) gave legislative effect to the public service pension reform policy agreed by the NI Executive on 8 March 2012 to:

- *commit to the policy for a new career average revalued earnings (CARE) scheme model with pension age linked to state pension age to be adopted for general use in the public service schemes; and*
- *adopt this approach consistently for each of the different public sector pension schemes in line with their equivalent scheme in Great Britain and not to adopt different approaches for Northern Ireland.*

2.2 The main provisions in the Act are based on recommendations made by the Independent Public Service Pension Commission (IPSPC) chaired by Lord Hutton of Furness. This commission had reported in October 2010 that the (then) current public service pension structure would require major reform to adequately respond to a rising pension cost to employers and taxpayers associated with increased longevity in recent decades. In its final report in March 2011, the Commission recommended the replacement of final salary schemes with CARE schemes with normal pension age linked to SPA. The view of the Commission was that these reforms would make schemes fairer across their membership and for the taxpayer¹⁰.

Longevity

2.3 The Interim report of the IPSPC observed that “In 1841, someone who reached the age of 60 might expect to live a further 14 years on average, but most people did not live to this age. By the early 1970s, when the schemes were substantially reformed, the life expectancy of a 60 year old had increased to about 18 years”. By 2010 this figure had risen to around 28 years¹¹. In Northern Ireland male life expectancy at age 65 increased by 1.4 years from 2004-06 to reach 83.1 in 2012-14. Female life expectancy rose by 0.9 years to reach 85.5 in 2012-14¹². Since the 2016 review of the effects of the Act it can be noted that the trend for increased longevity has fluctuated, life expectancy at birth in 2018

¹⁰ <https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton>

¹¹ Interim report of the Independent Public Service Pensions Commission, published 7 October 2010. http://webarchive.nationalarchives.gov.uk/20130129110402/http://www.hm-treasury.gov.uk/d/hutton_pensionsinterim_071010.pdf

¹² Office for National Statistics, National Life Tables, United Kingdom: 2012–2014

to 2020 was estimated to be 78.7 years for males and 82.4 years for females in Northern Ireland¹³.

- 2.4 The Office for National Statistics in its report of 23 September 2021¹⁴ found that in the last decade improvements in life expectancy at age 65 years have slowed. Between 2018 and 2020 in the UK, male life expectancy at 65 years was 18.5 years and females was 21.0 years. This was a slight decline of an estimated 1.0 week for males from the period 2015 to 2017 and increase of 3.1 weeks for females for the same period. It is possible that life expectancy will return to an improving trend in the future once the coronavirus pandemic has ended and its consequences for future mortality are known.
- 2.5 At age 90 years, life expectancy was 4.0 years and 4.6 years for males and females respectively in 2018 to 2020 in the UK. There is a slight annual change in life expectancy for this age group. Improvements in life expectancy figures at age 90 years have been low for several years, however the number of people aged 90 years and over in the UK is continuing to increase. The number of people reaching 90 years of age is a result of improvements in mortality over many decades. In 2020 the number of centenarians living in the UK (15,120) showed an increase of nearly one fifth compared to 2019, including a 52% increase of those aged 100 years.

Future State Pension Age

- 2.6 The 2016 review noted the (then) current timetable for changes to state pension age specified it would equalise at 65 for men and women by November 2018. A general increase to 66 has since been phased-in between December 2018 and October 2020. It will then increase to 67 between 2026 and 2028 and under current provisions would then rise to 68 by 2046¹⁵. The Westminster Government gave a commitment in the Pensions Act 2014 to periodically review SPA, and the first SPA review report was published in July 2017¹⁶. The first review concluded that the next review should consider whether the increase to age 68 should be brought forward to 2037-39 before tabling any changes to legislation.
- 2.7 The Second Review of State Pension Age was launched in December 2021¹⁷. This Review must be published by 7 May 2023.

¹³ [National life tables – life expectancy in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹⁴ [National life tables – life expectancy in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹⁵ The Timetable for equalisation of FSPAF for men and women was originally set out in the Pensions (Northern Ireland) Order 1995. The Pensions Act (Northern Ireland) 2008 set a timetable for incremental increases for both men and women to 68. These timescales were accelerated under the Pensions Act (Northern Ireland) 2012 and the Pensions Act (Northern Ireland) 2015.

¹⁶ <https://www.gov.uk/government/publications/state-pension-age-review-final-report>

¹⁷ The report will be led by Baroness Neville-Rolfe DBE., CMG. The terms of reference for the review can be accessed at: <https://qna.files.parliament.uk/ws-attachments/1387578/original/Govt.%20Review%20of%20State%20Pension%20Age-ToR.pdf>

Leaver behaviour in public service pension schemes

- 2.8 The 2016 review of the effects of the 2014 Act noted the significant implication of the default linkage to SPA introduced by the Act with effect from 1 April 2015 is that future decisions taken about SPA are now the main determining factor for when most public service pension scheme members may retire from public service with an unreduced pension. The long term aim of the periodic review of effects of the Act will be to collate and present data relevant to the observation of any trends for change in leaver behaviour in the public service schemes which could be linked to changes in scheme pension age, as now determined by changes in SPA.

Other issues

- 2.9 The 2016 review also considered the effects of other changes to the regime for public service pensions delivered in the 2014 Act. Based on the recommendations made by the IPSPC, these included new processes aimed at enhancing scheme governance and administration processes across all schemes, and also the framework for scheme valuations and cost control. Since the completion of the 2016 review there have been limited further developments in these areas. However, any particular changes of note are also documented alongside the main analyses of scheme leaver behaviour in the following sections of this report.

3. LEAVER BEHAVIOUR IN PUBLIC SERVICE PENSION SCHEMES

Comparison of Data

- 3.1 Section 1 of the Act defines the public service employments for which reformed schemes were established. These are:
- Civil servants;
 - Holders of judicial office;
 - Local government workers;
 - Teachers;
 - Health service workers;
 - Fire and rescue workers; and
 - Members of the police service.
- 3.2 Since the 2016 review the Department of Finance has collated relevant scheme data annually for the purpose of future reviews. As agreed by the 2022 review group additional data, including as at year ending 31 March 2022, was also requested from schemes. A comparison was then carried out against the data from the first review of the Act, as at year ending 31 March 2015, to observe any apparent emerging trends for change in leaver behaviour. The comparisons looked at Active Membership, Ill Health Retirements, Age Retirements, Actuarial Early Retirements and Scheme Opt Out rates. For the purposes of the 2022 review a representative of NISRA has attended meetings of the 2022 review group and provided relevant advice and input on the calculation and presentation of the following findings:

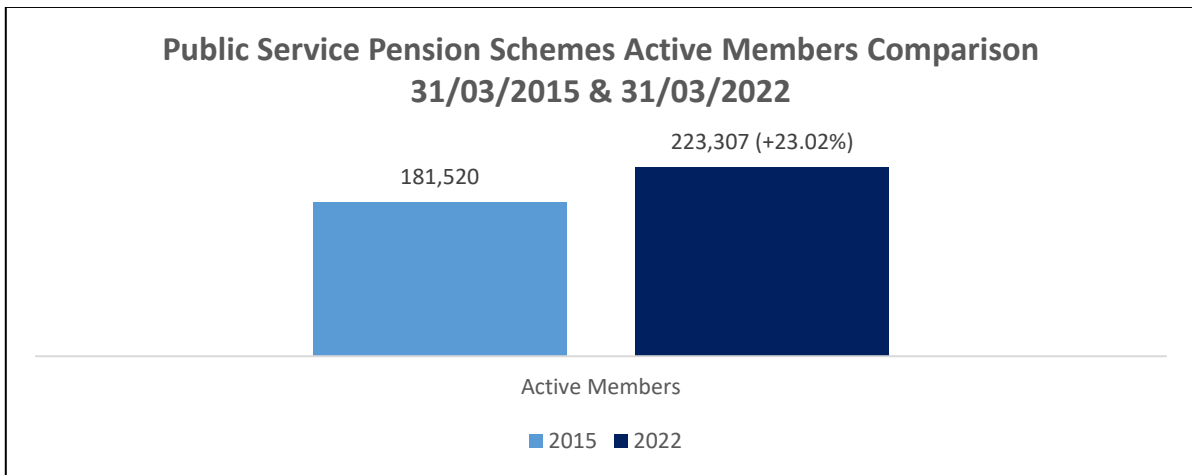
Active Membership

- 3.3 The tables below show a breakdown of the comparison in active membership as at 31 March 2015 and 31 March 2022. The overall public service active membership increased by 41,787 (+23.02%). The active membership in some schemes increased significantly, e.g. Health by 31.64% and Local Government by 43.87%. Some schemes had a small decrease in their active membership, e.g. Fire (-5.31%) and Civil Service (-10.66%). It has been established that the increase in some schemes was partly due to recruitment of additional staff. TUS welcomed the overall increase in the active membership across public service pension schemes. It has been suggested that the decrease in Civil Service active membership may be attributable to the most recent NICS Voluntary Exit Scheme.

Public Service Pensions Schemes Active Membership 31/03/2015 and 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 181,520 |
| 2022 | 223,307 |

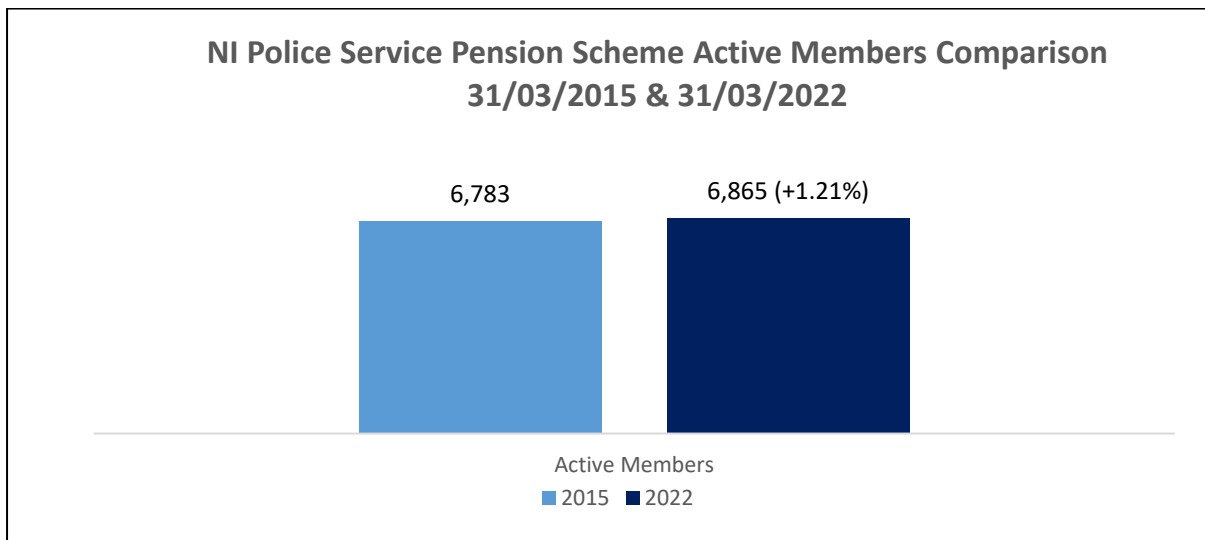
23.02% increase in active membership between 31/03/2015 and 31/03/2022



NI Police Pension Scheme Active Members 31/03/2015 and 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 6,783 |
| 2022 | 6,865 |

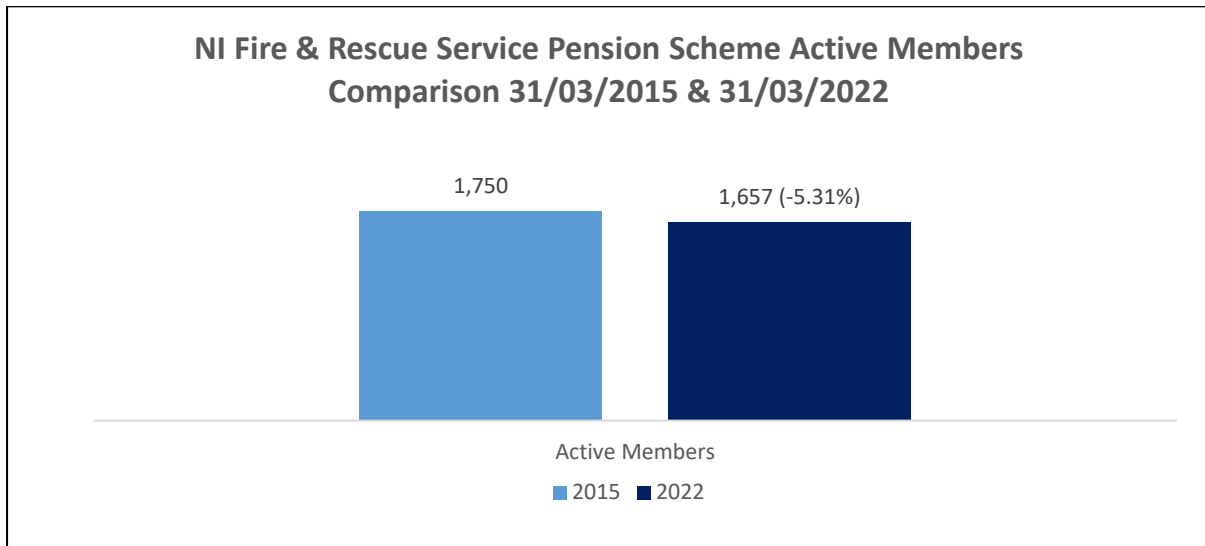
1.21% increase in active membership between 31/03/2015 and 31/03/2022



NI Fire & Rescue Service Pension Scheme Active Members 31/03/2015 and 31/03/2022

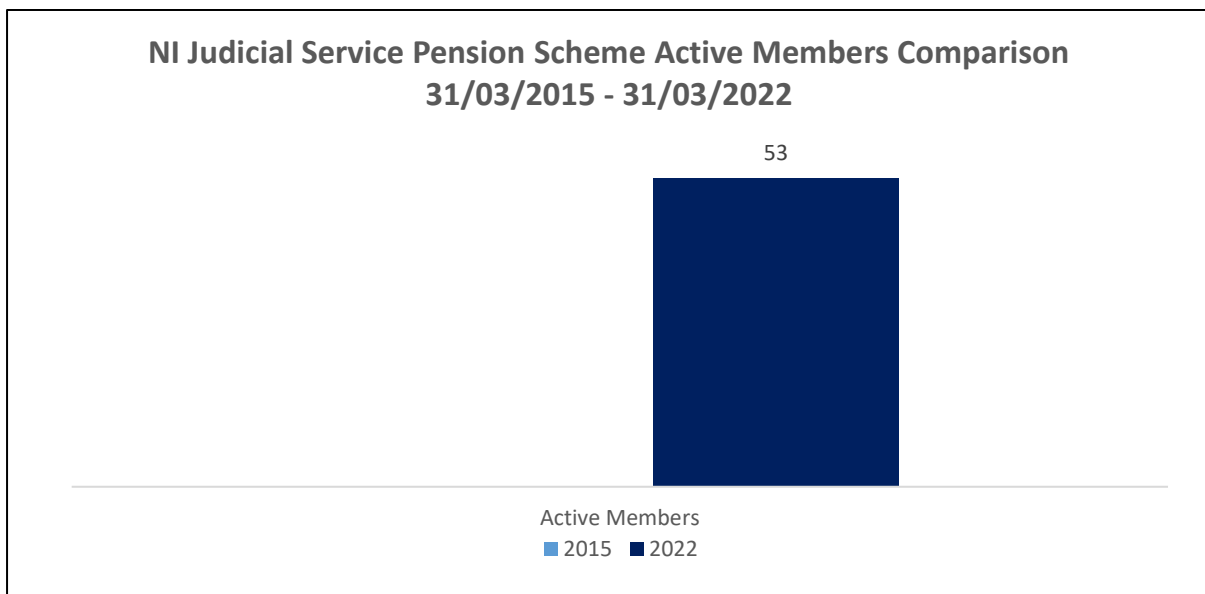
| Year | Active Members |
|-------------|----------------|
| 2015 | 1,750 |
| 2022 | 1,657 |

5.31% decrease in active membership between 31/03/2015 and 31/03/2022



NI Judicial Pension Scheme Active Members 31/03/2015 and 31/03/2022

| Year | Active Members |
|-------------|----------------|
| 2015 | 0* |
| 2022 | 53 |

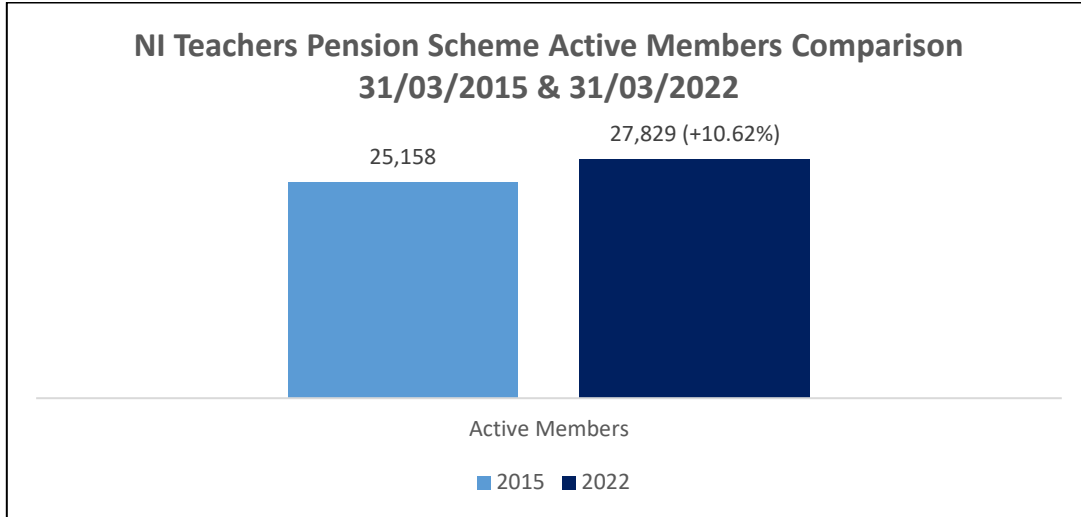


* The NI Judicial Pension Scheme was established on 1 April 2015.

NI Teachers Pension Scheme Active Members 31/03/2015 & 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 25,158 |
| 2022 | 27,829 |

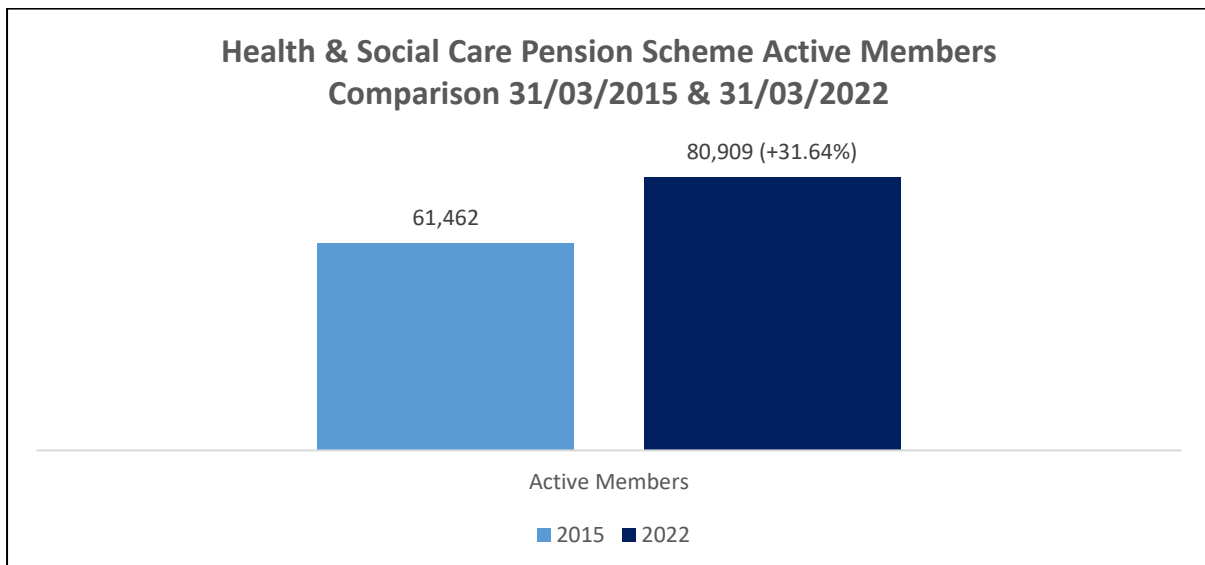
10.62% increase in active membership between 31/03/2015 and 31/03/2022



Health & Social Care Pension Scheme Active Members 31/03/2015 and 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 61,462 |
| 2022 | 80,909 |

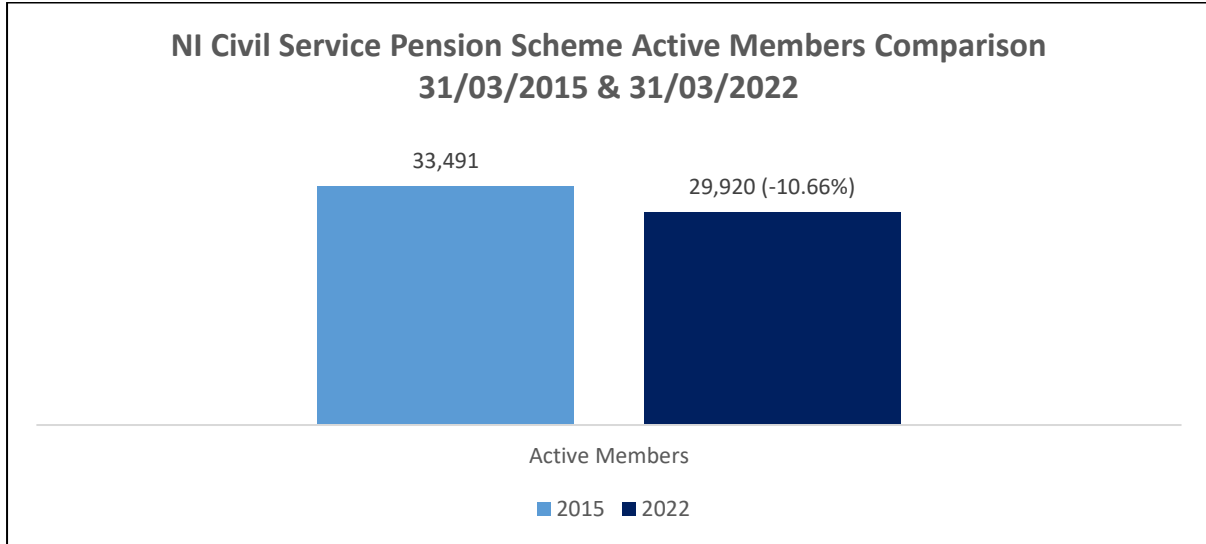
31.64% Increase in Active membership between 31/03/2015 and 31/03/2022



NI Civil Service Pension Scheme Active Members 31/03/2015 and 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 33,491 |
| 2022 | 29,920 |

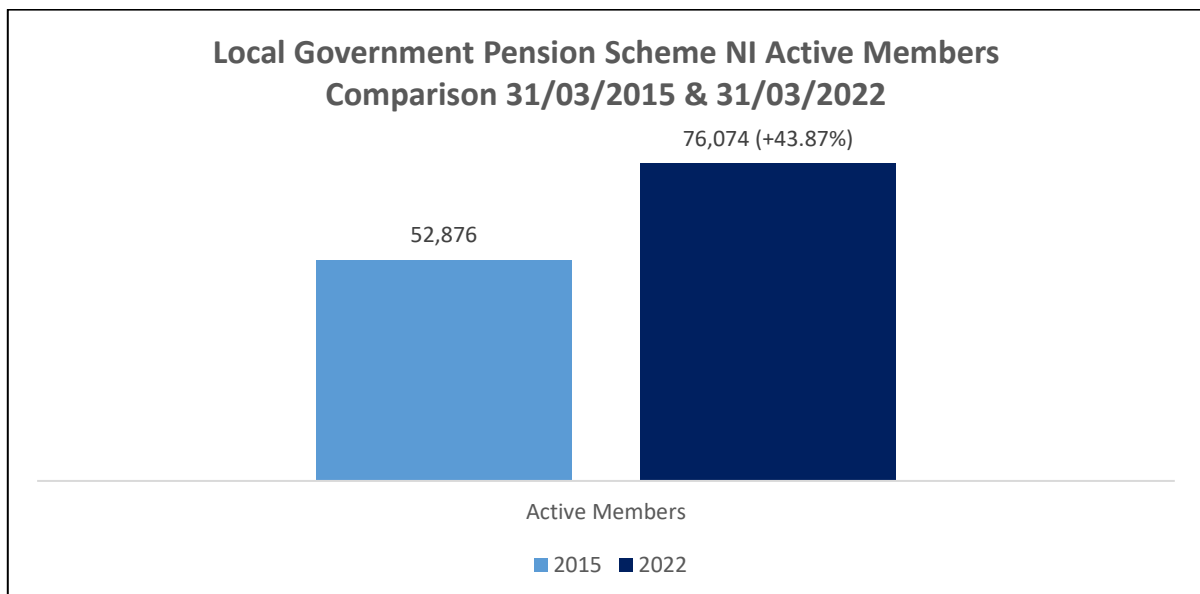
10.66% decrease in Active membership between 31/03/2015 and 31/03/2022



Local Government Pension Scheme NI Active Members 31/03/2015 and 31/03/2022

| Year | Active Members |
|------|----------------|
| 2015 | 52,876 |
| 2022 | 76,074 |

43.87% increase in Active membership between 31/03/2015 and 31/03/2022

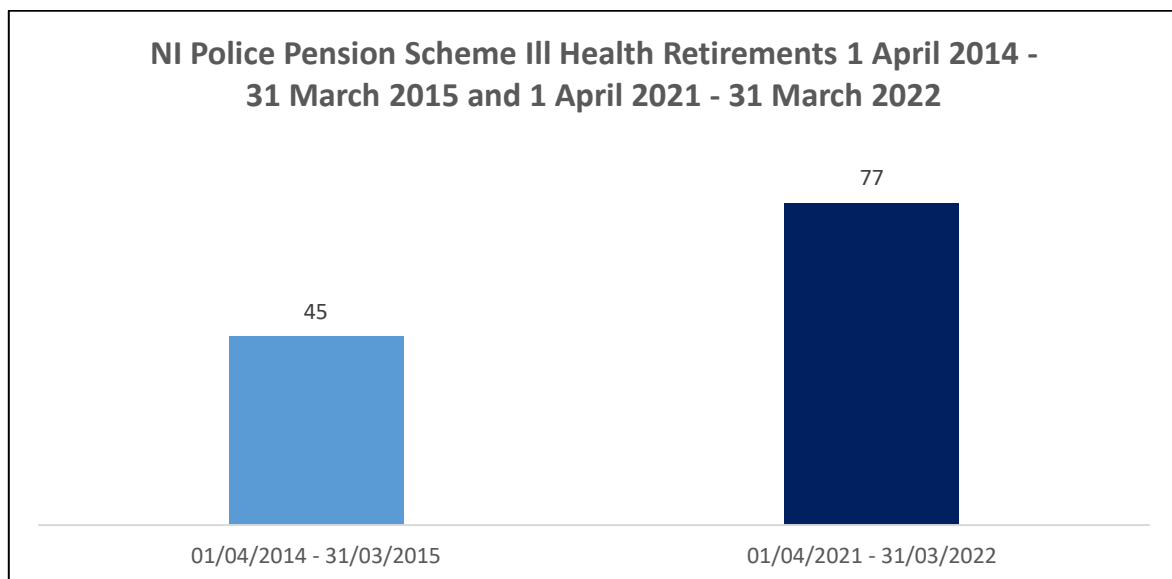


III Health Retirements

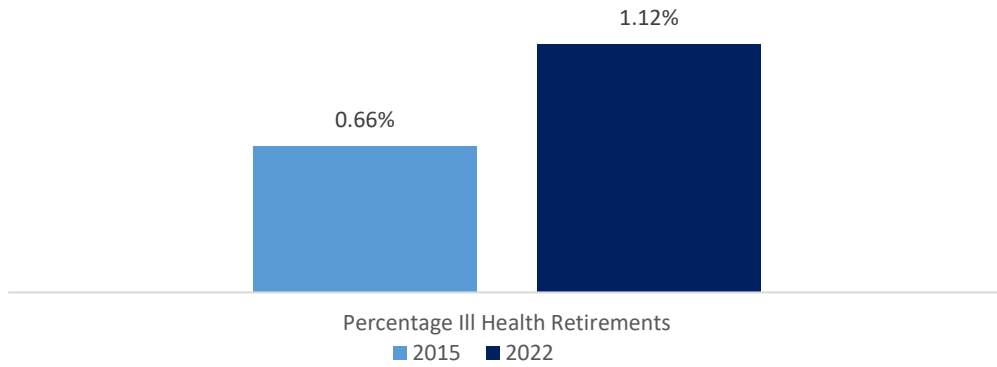
- 3.4 There was no substantive change in the percentage of III Health Retirements when compared against the total active membership for years ending 31 March 2015 and 31 March 2022. Some schemes had a very slight increase of less than 1%, e.g. Police and Fire, and the remaining schemes (with the exception of the NIJPS) had a very small decrease in the number of III Health retirements when compared against their overall active membership.
- 3.5 A further comparison was carried out to include year endings 31 March 2020, and 31 March 2021. Data relating to age, gender and occupation/role was used where this was made available by schemes although some schemes did not hold this level of detail. The comparisons revealed that overall there was no significant changes in the percentage of active members retiring under ill health.

NI Police Pension Scheme III Health Retirements 31/03/2015 and 31/03/2022

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 45 |
| 01/04/2021 - 31/03/2022 | 77 |

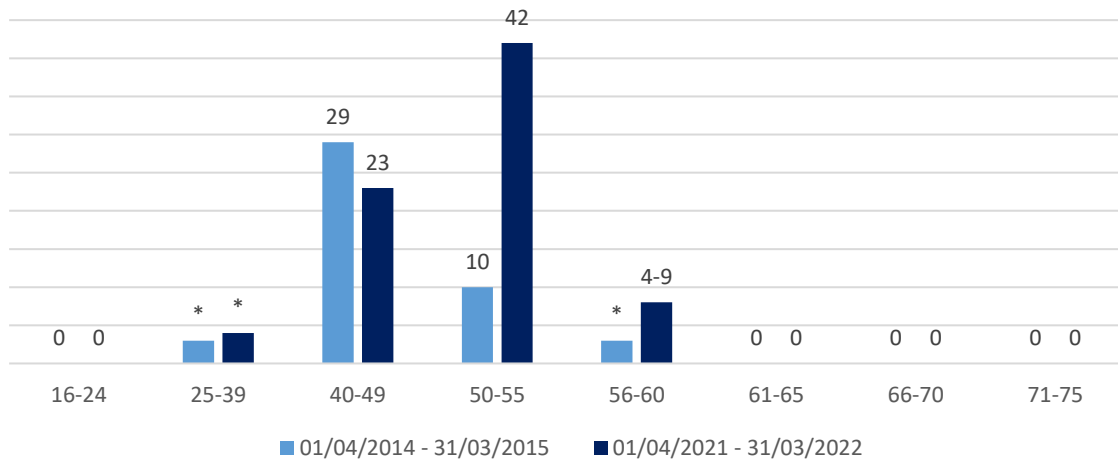


NI Police Pension Scheme III Health Retirements as % of Active membership

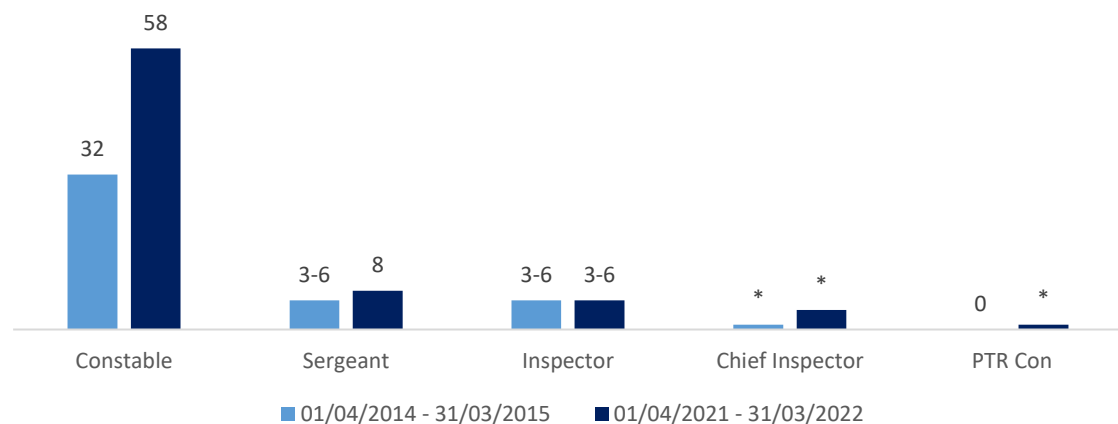


III Health retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015 and III Health retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

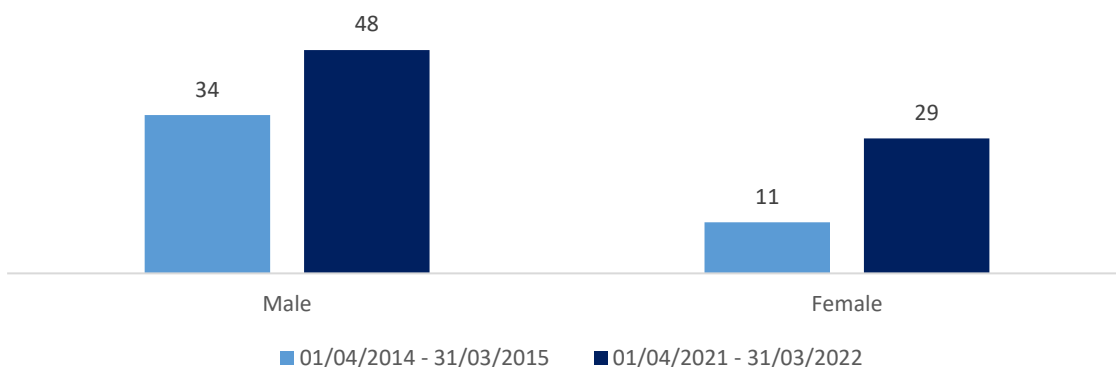
NI Police Pension Scheme III Health Retirements by Age 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



NI Police Pension Scheme III Health Retirements by Role 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



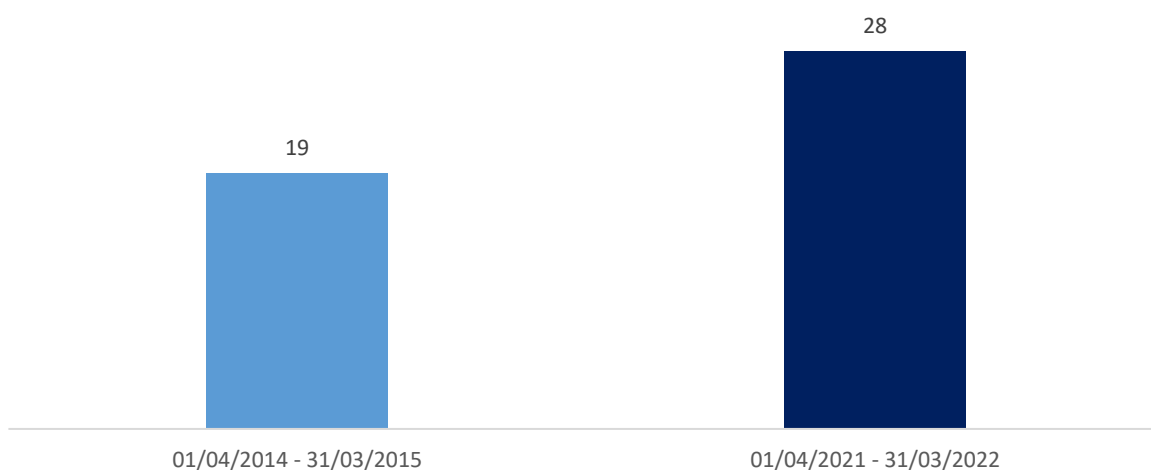
NI Police Pension Scheme III Health Retirements by Gender 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



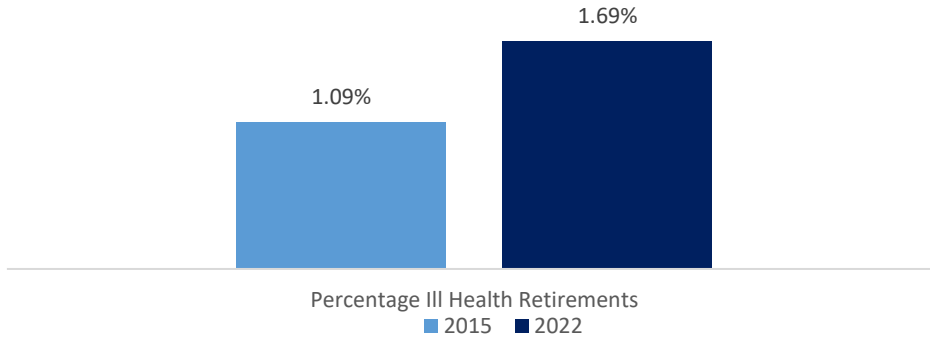
NI Fire & Rescue Service Pension Scheme III Health Retirements 31/03/2015 and 31/03/2022

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 19 |
| 01/04/2021 - 31/03/2022 | 28 |

NI Fire & Rescue Service Pension Scheme III Health Retirements 1 April 2014 - 31 March 2015 and 1 April 2021 - 31 March 2022

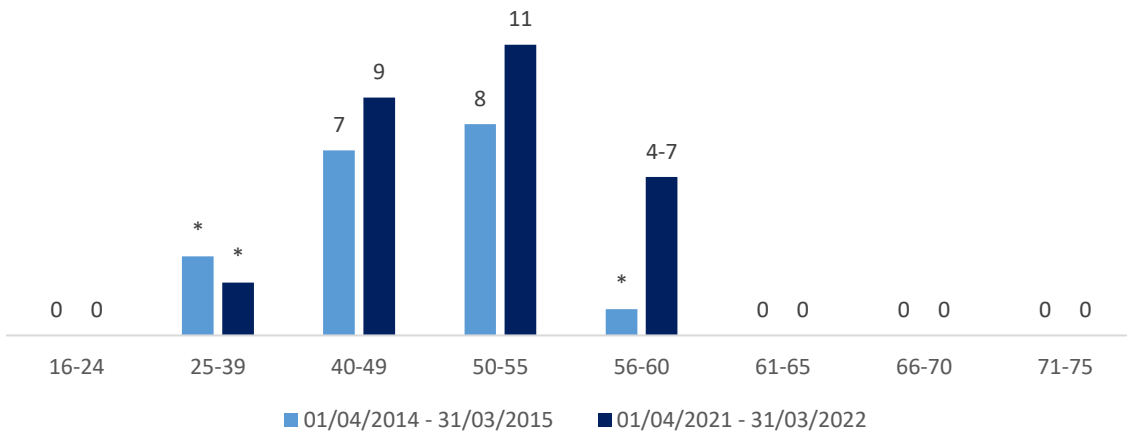


NI Fire & Rescue Service Pension Scheme Ill Health Retirements as % of Active membership

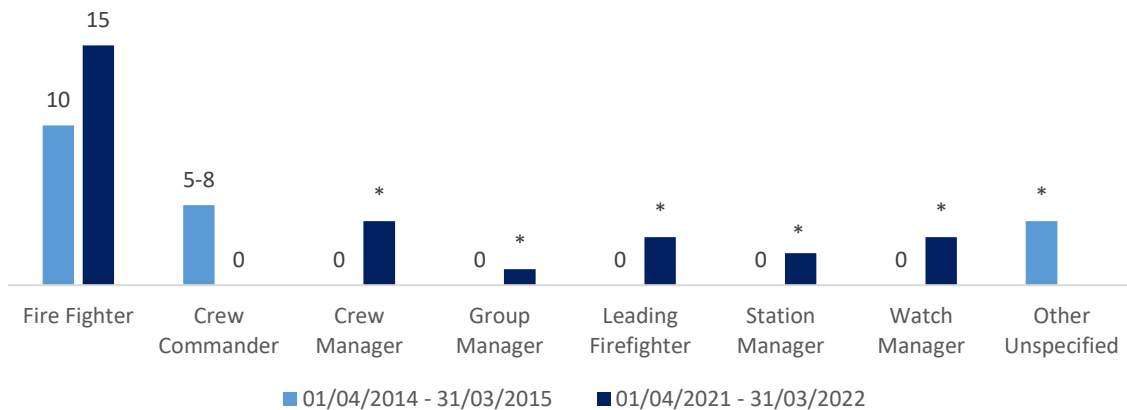


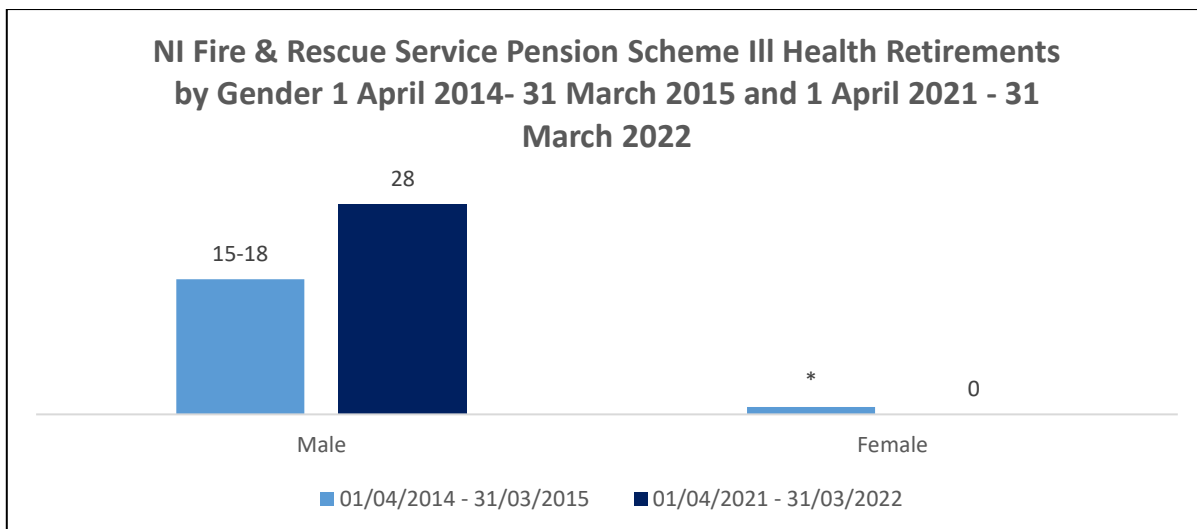
Ill Health retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015 and Ill Health retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

NI Fire & Rescue Service Pension Scheme Ill Health Retirements by Age 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



NI Fire & Rescue Service Pension Scheme Ill Health Retirements by Role 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022





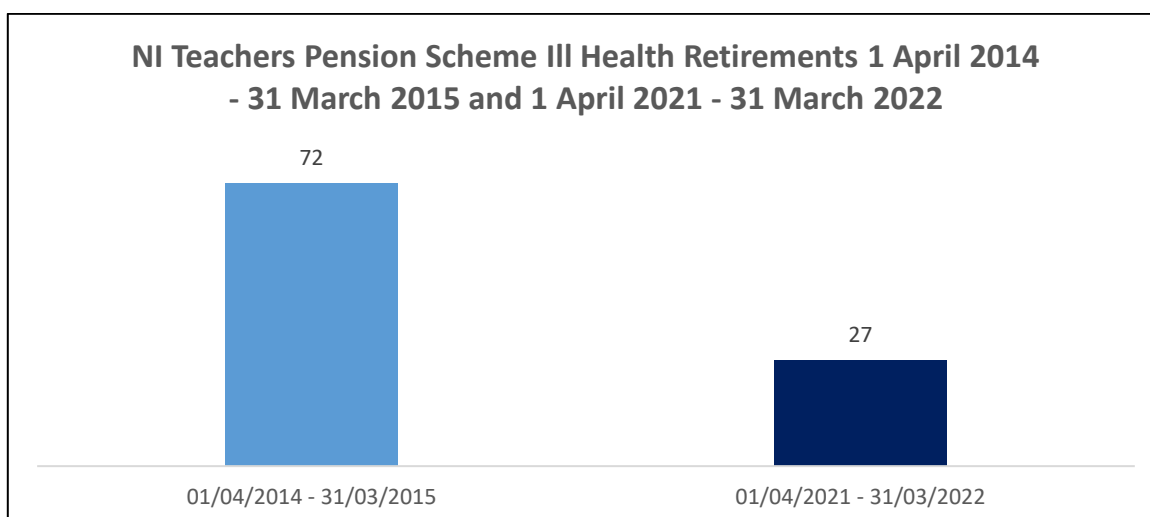
NI Judicial Pension Scheme Ill Health Retirements 31/03/2015 and 31/03/2022

| Year | Ill Health Retirements |
|--------------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | n/a |
| 01/04/2021 - 31/03/2022 | 0 |

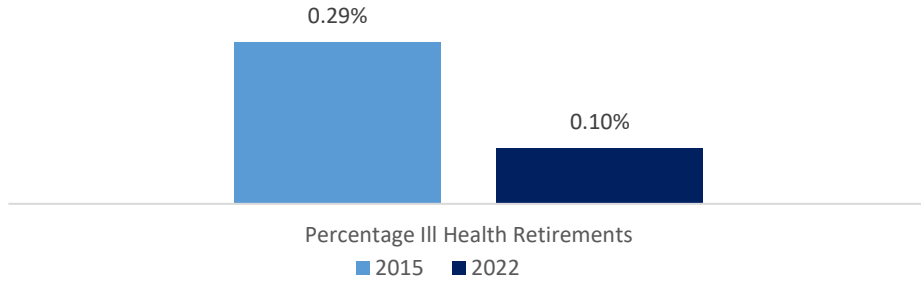
NI Judicial Pension Scheme came into being on 1 April 2015 and therefore there is no data on ill health retirements applicable for year ending 31 March 2015. NI Judicial Pension scheme has advised there was no ill health retirements for the period 1 April 2021 to 31 March 2022.

NI Teachers Pension Scheme Ill Health Retirements 31/03/2015 & 31/03/2022

| Year | Ill Health Retirements |
|--------------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 72 |
| 01/04/2021 - 31/03/2022 | 27 |

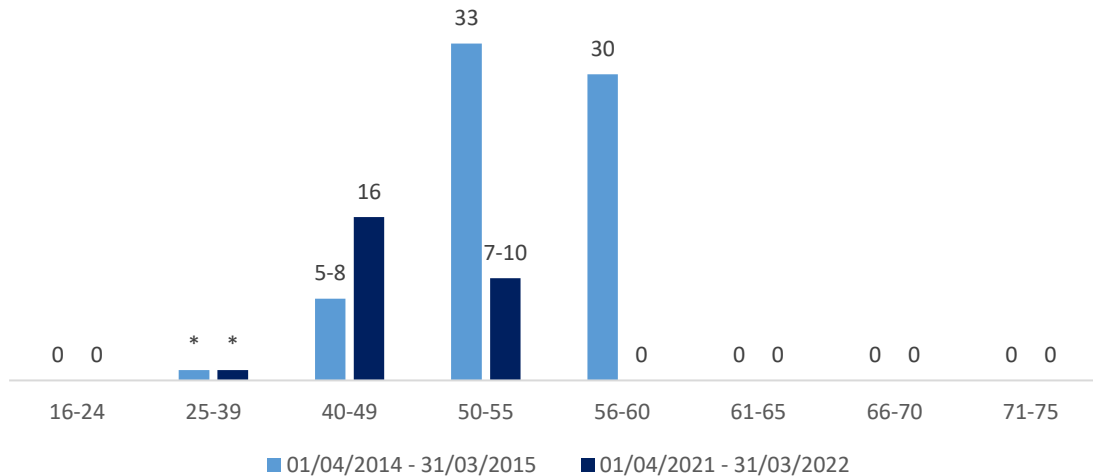


NI Teachers Pension Scheme Ill Health Retirements as % of Active membership

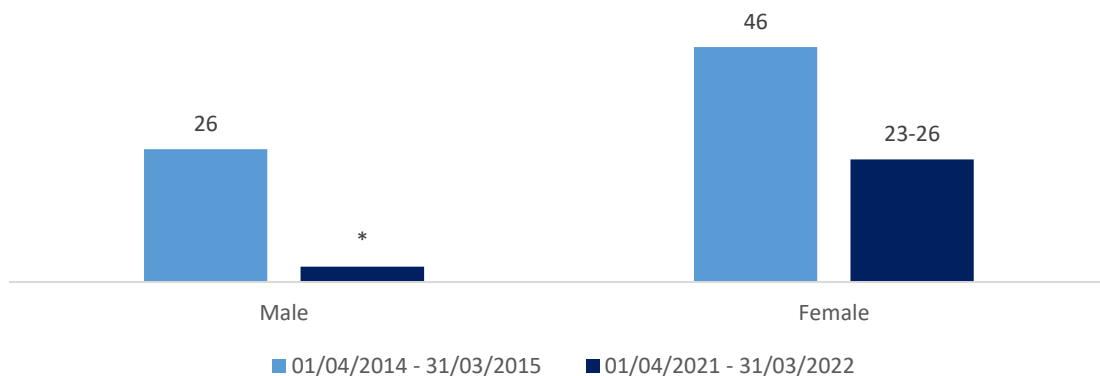


Ill Health retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015 and Ill Health retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

NI Teachers Pension Scheme Ill Health Retirements by Age 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



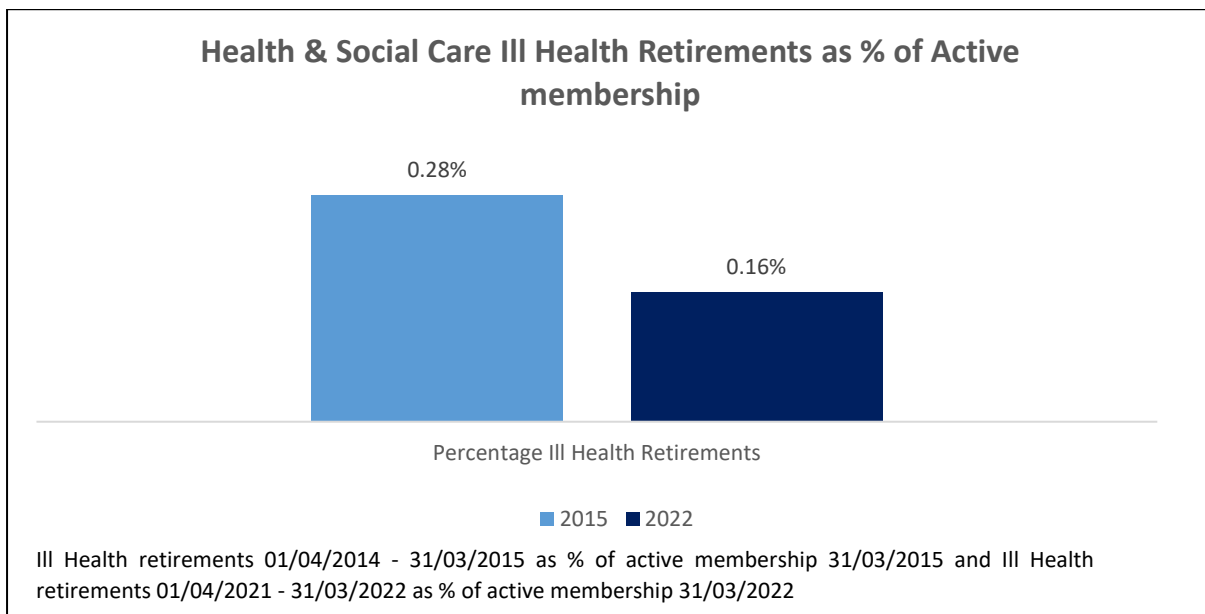
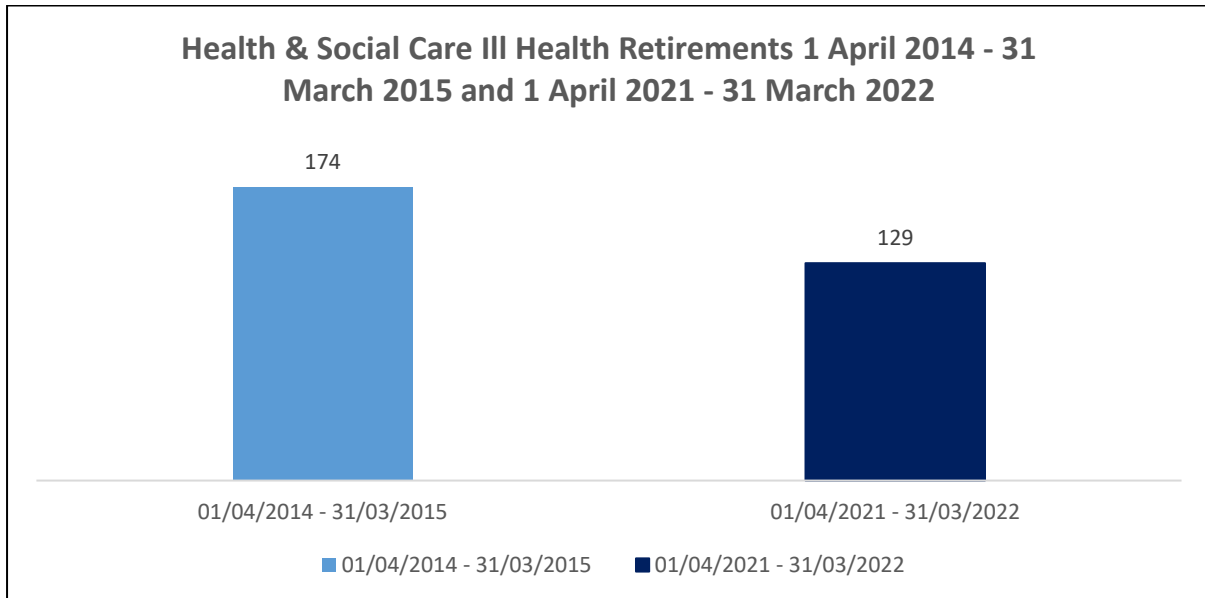
NI Teachers Pension Scheme Ill Health Retirements by Gender 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



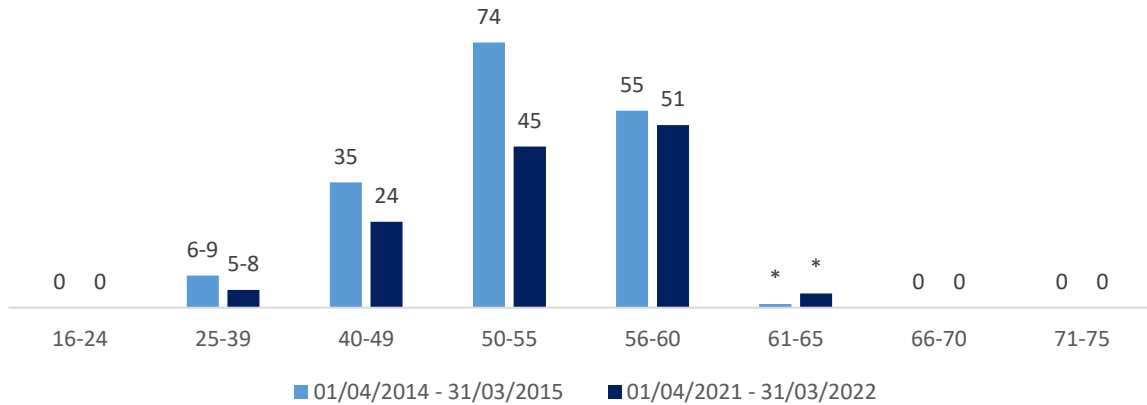
NITPS was unable to provide a breakdown of ill health retirements by role. All ill health retirees were classified as “Teacher”.

Heath & Social Care Pension Scheme III Health Retirements 31/03/2015 and 31/03/2022

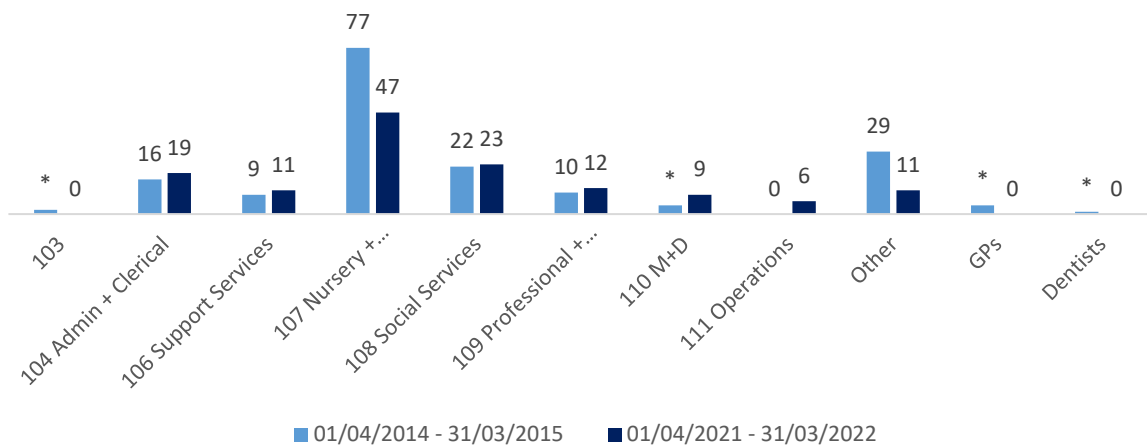
| Year | III Health Retirements |
|--------------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 174 |
| 01/04/2021 - 31/03/2022 | 129 |



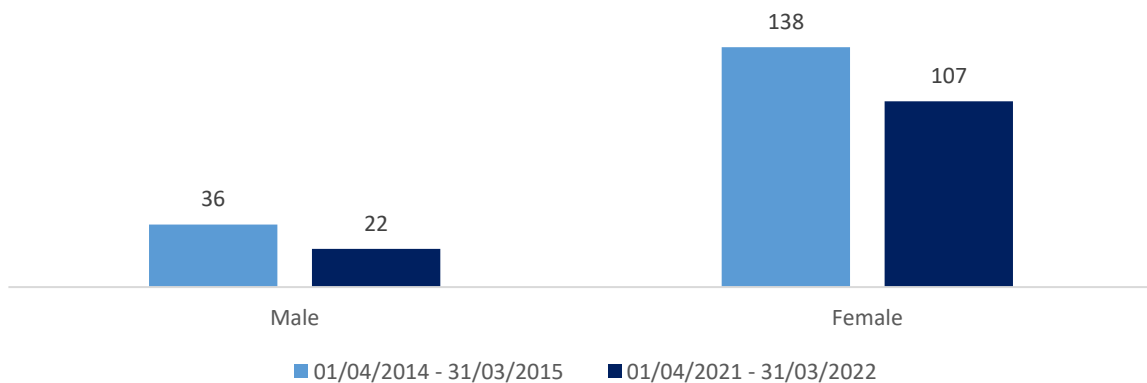
Health & Social Care III Health Retirements by Age 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



Health & Social Care III Health Retirements by Role 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022

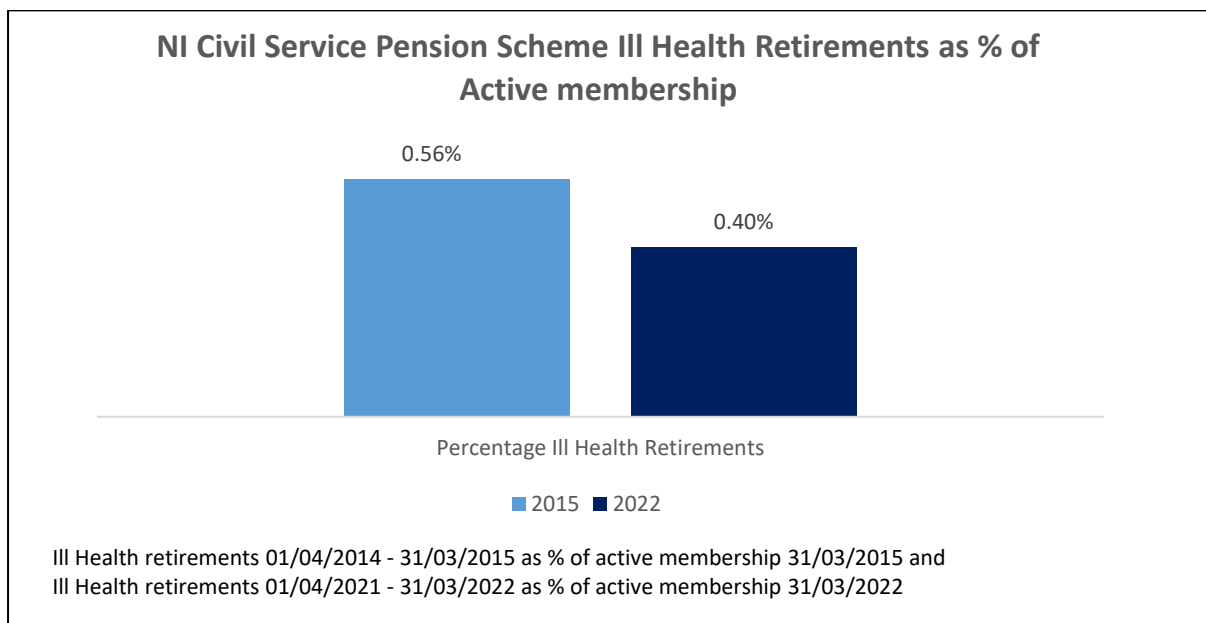
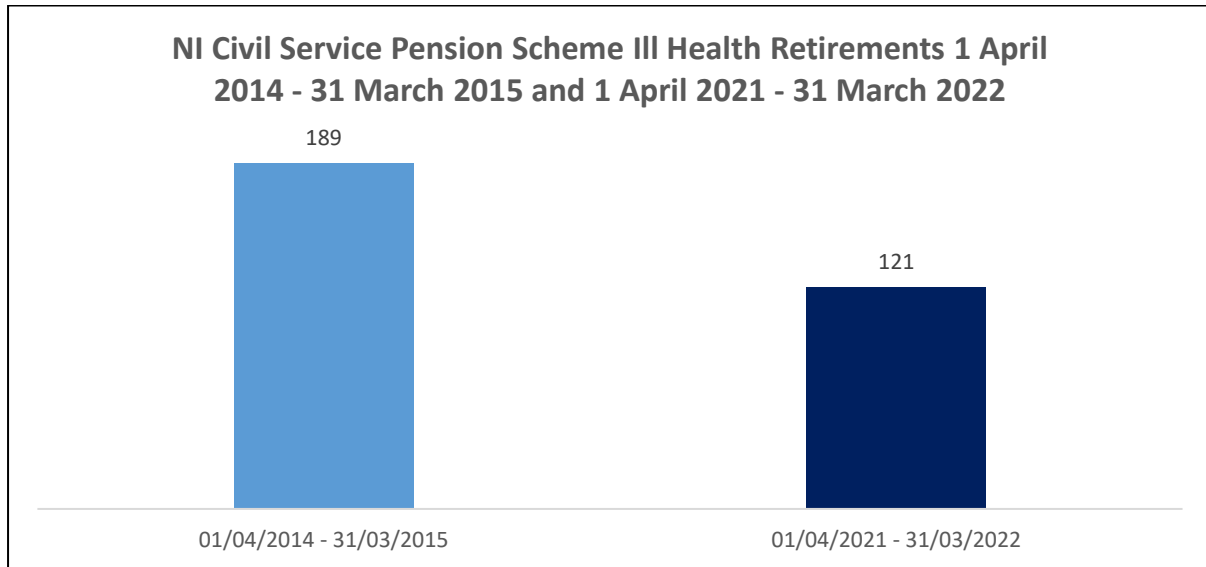


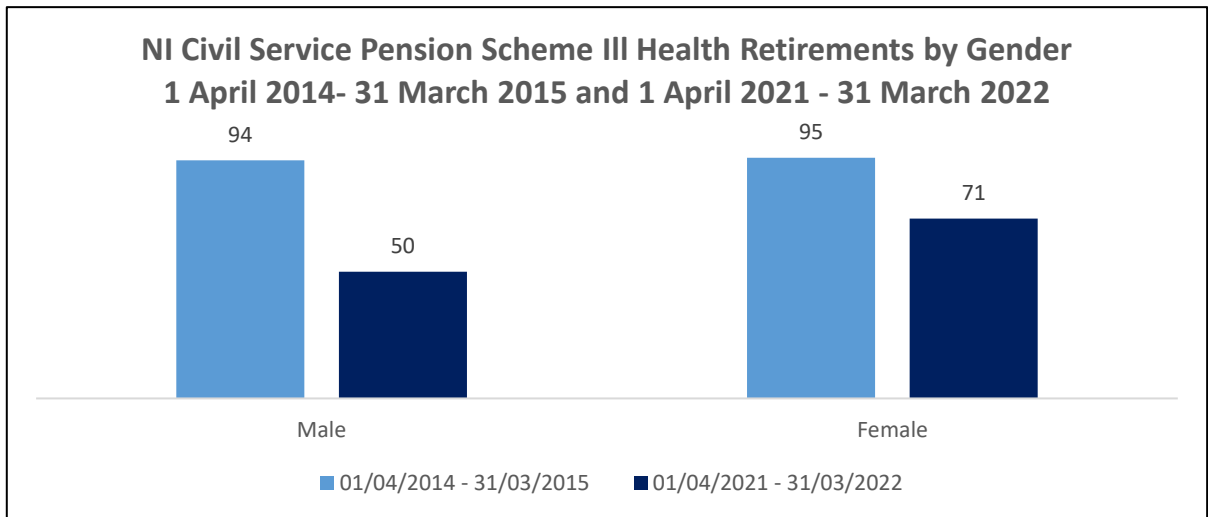
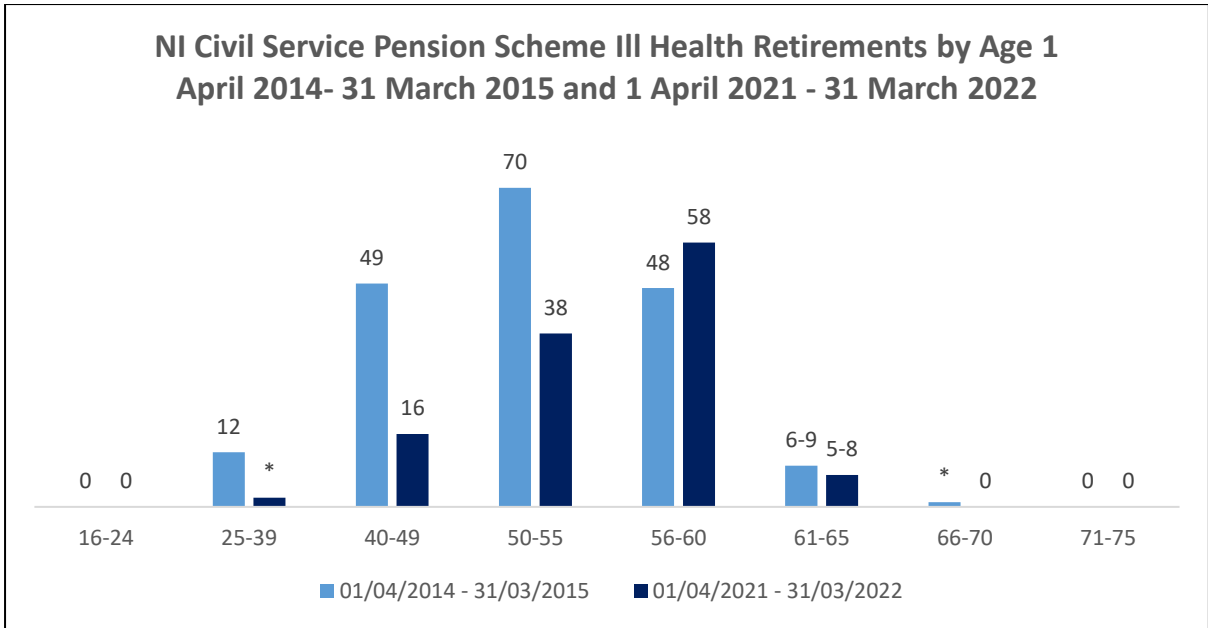
Health & Social Care Pension Scheme III Health Retirements by Gender 1 April 2014- 31 March 2015 and 1 April 2021 - 31 March 2022



**NI Civil Service Pension Scheme III Health Retirements 31/03/2015 and
31/03/2022**

| Year | III Health Retirements |
|--------------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 189 |
| 01/04/2021 - 31/03/2022 | 121 |



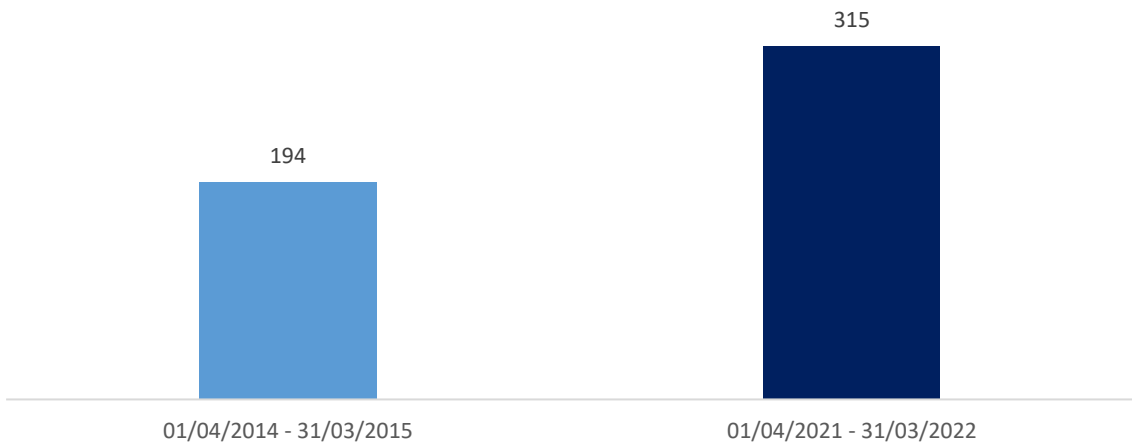


CSP was unable to provide a breakdown of ill health retirements by role.

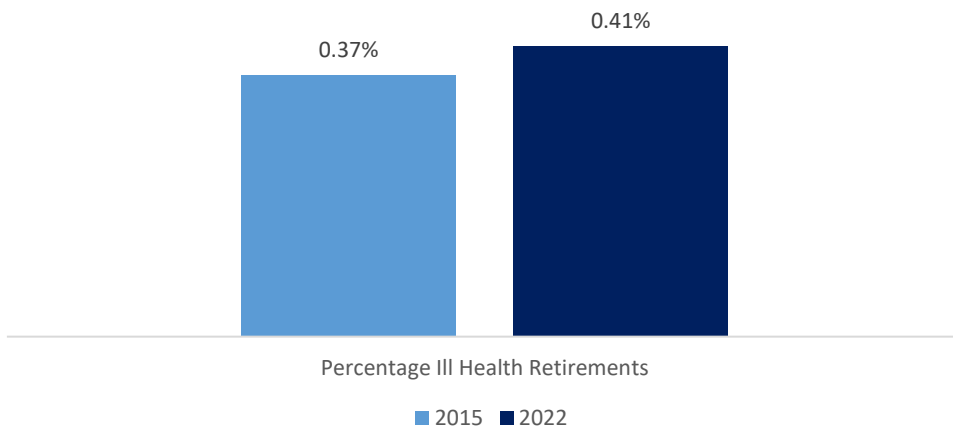
Local Government Pension Scheme NI III Health Retirements 31/03/2015 and 31/03/2022

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 194 |
| 01/04/2021 - 31/03/2022 | 315 |

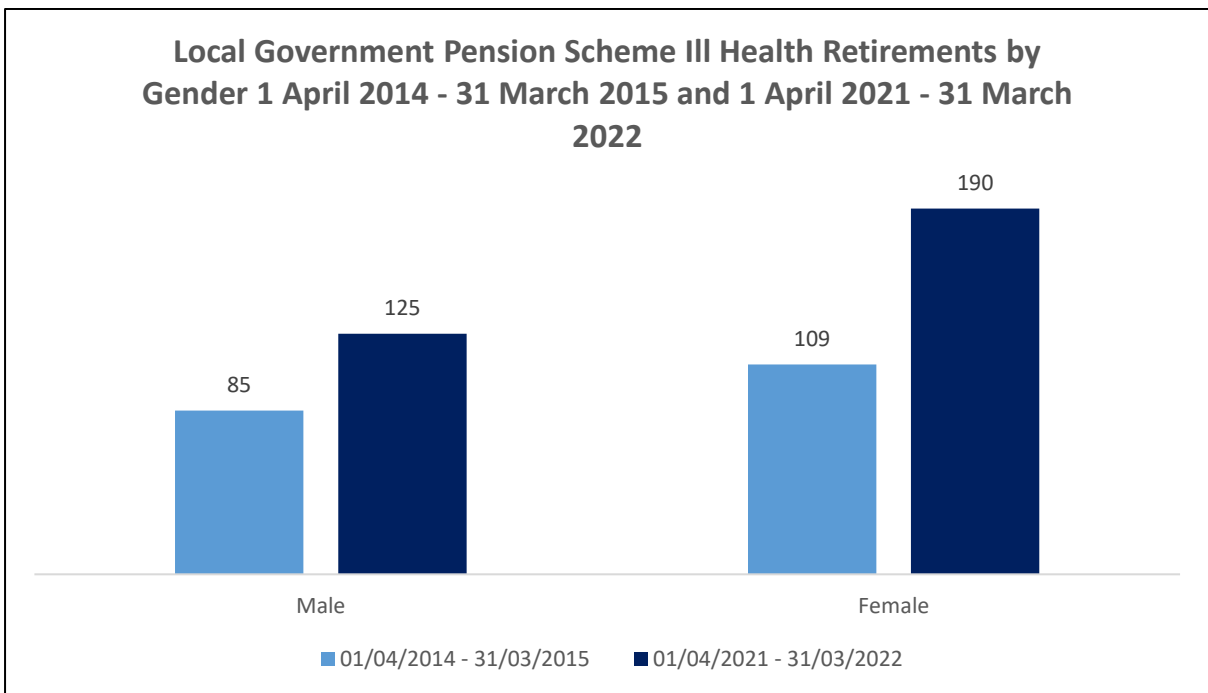
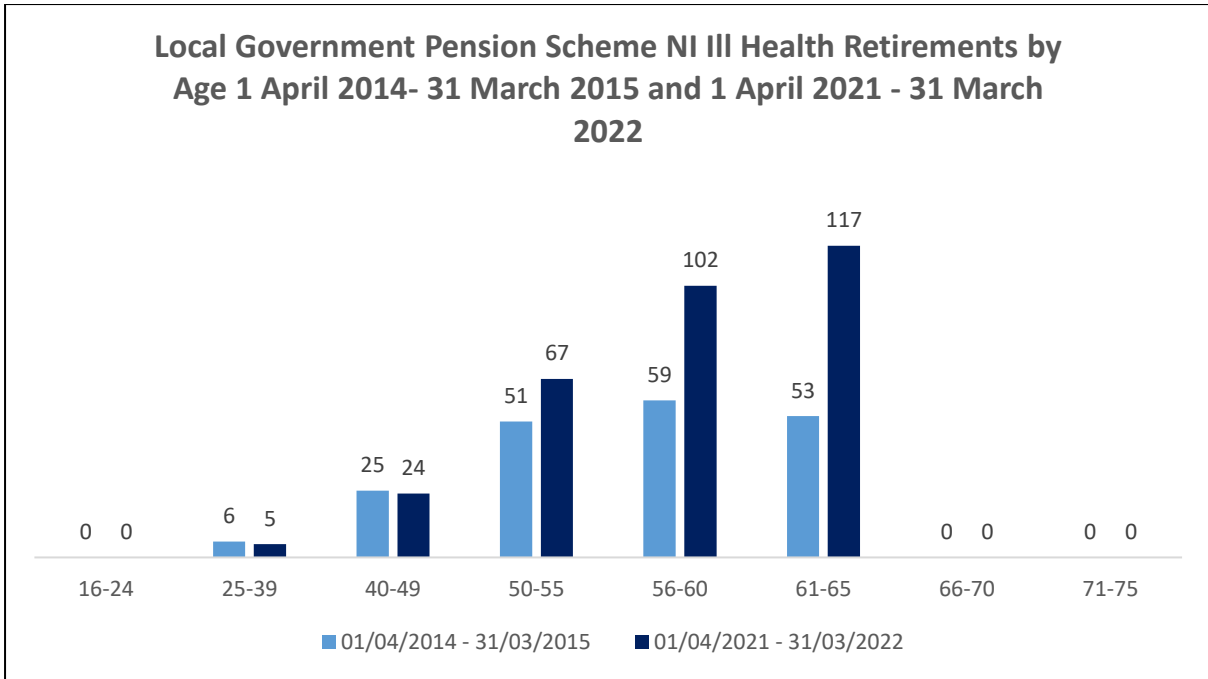
**Local Government Pension Scheme NI Ill Health Retirements 1
April 2014 - 31 March 2015 and 1 April 2021 - 31 March 2022**



**Local Government Pension Scheme NI Ill Health Retirements as %
of Active membership**



Ill Health retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015 and
Ill Health retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022



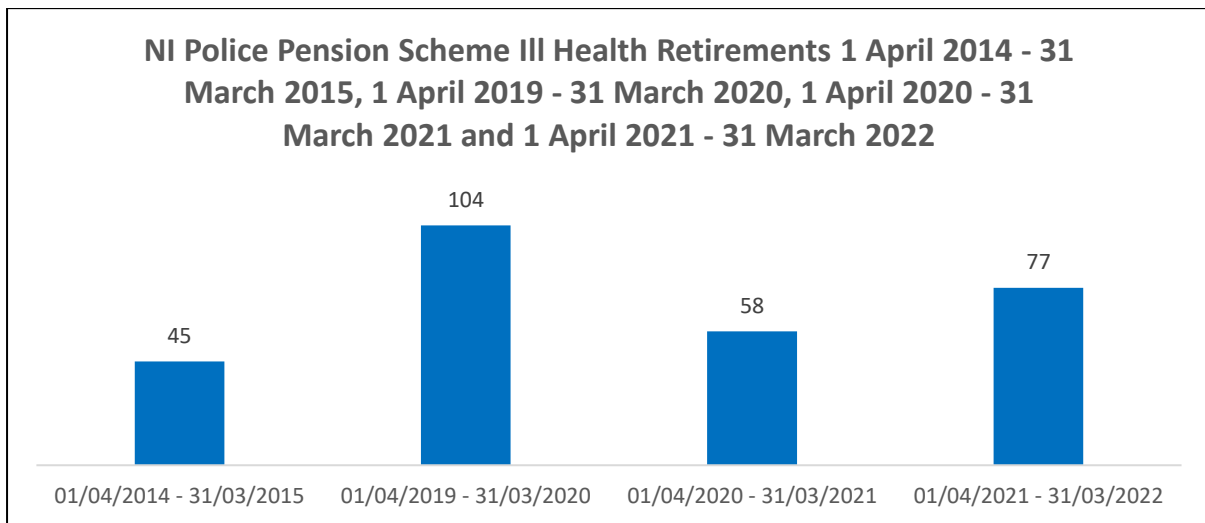
LGPS (NI) was unable to provide a breakdown of ill health retirements by role.

* The number is less than 5 and therefore deemed too small to release.

Additional Ill-Health retirement data tables

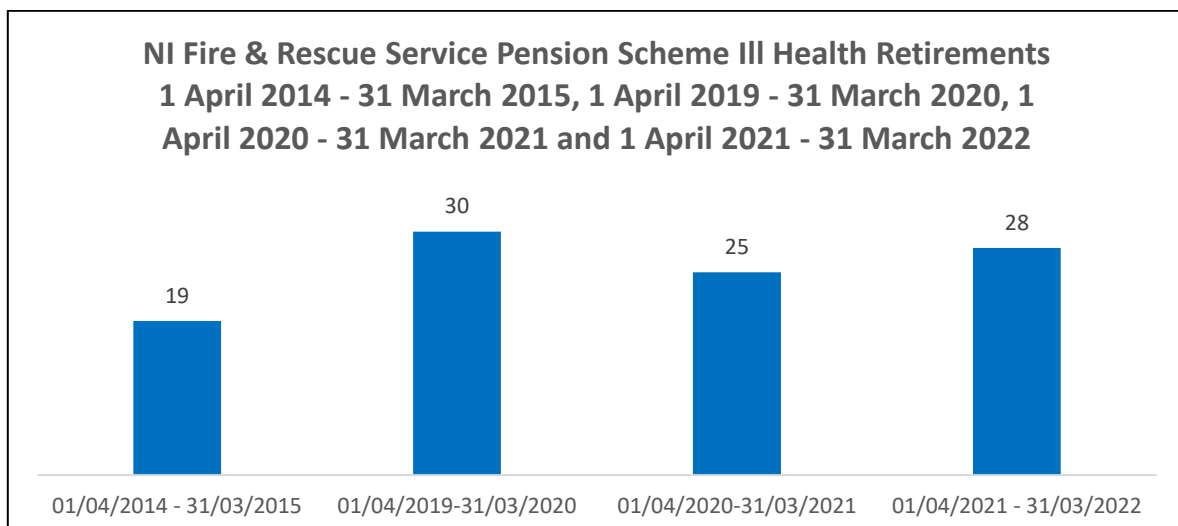
NI Police Pension Scheme

| Year | Ill Health Retirements |
|--------------------------------|-------------------------------|
| 01/04/2014 - 31/03/2015 | 45 |
| 01/04/2019 - 31/03/2020 | 104 |
| 01/04/2020 - 31/03/2021 | 58 |
| 01/04/2021 - 31/03/2022 | 77 |



NI Fire & Rescue Service Pension Scheme

| Year | Ill Health Retirements |
|--------------------------------|-------------------------------|
| 01/04/2014 - 31/03/2015 | 19 |
| 01/04/2019 - 31/03/2020 | 30 |
| 01/04/2020 - 31/03/2021 | 25 |
| 01/04/2021 - 31/03/2022 | 28 |



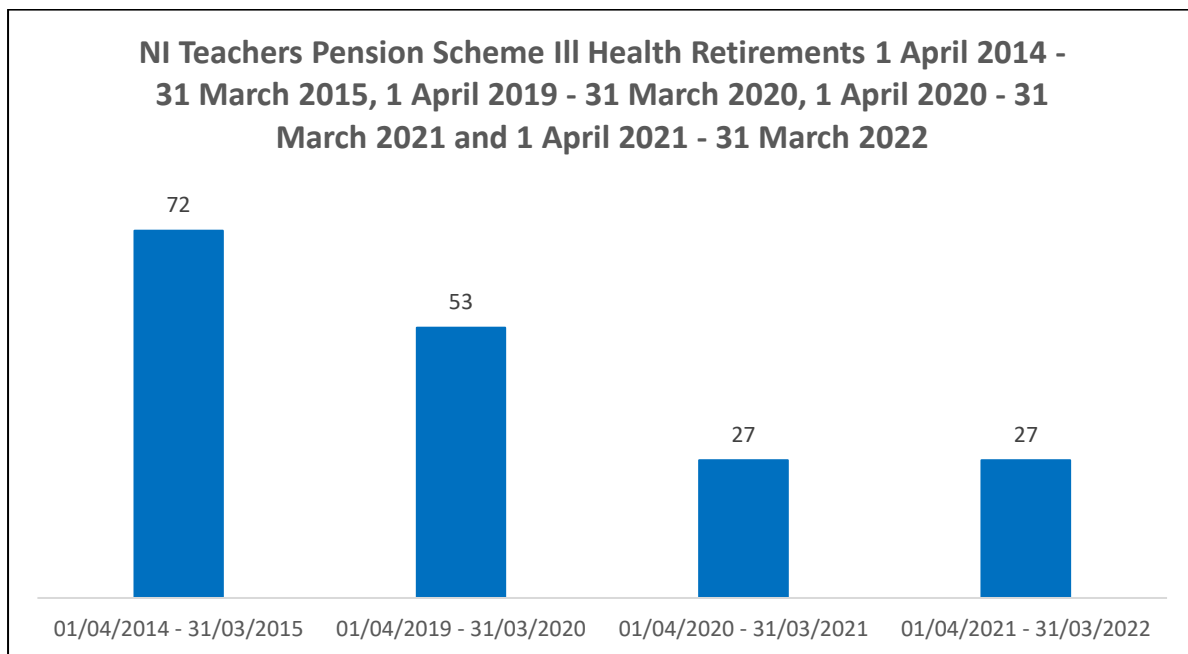
NI Judicial Pension Scheme

| Year | Ill Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | n/a |
| 01/04/2019 - 31/03/2020 | 0 |
| 01/04/2020 - 31/03/2021 | 0 |
| 01/04/2021 - 31/03/2022 | 0 |

NI Judicial Pension Scheme began on 1 April 2015 and therefore there is no data on ill health retirements applicable for year ending 31 March 2015. NI Judicial Pension Scheme has advised there was no ill health retirements for the period 1 April 2021 to 31 March 2022.

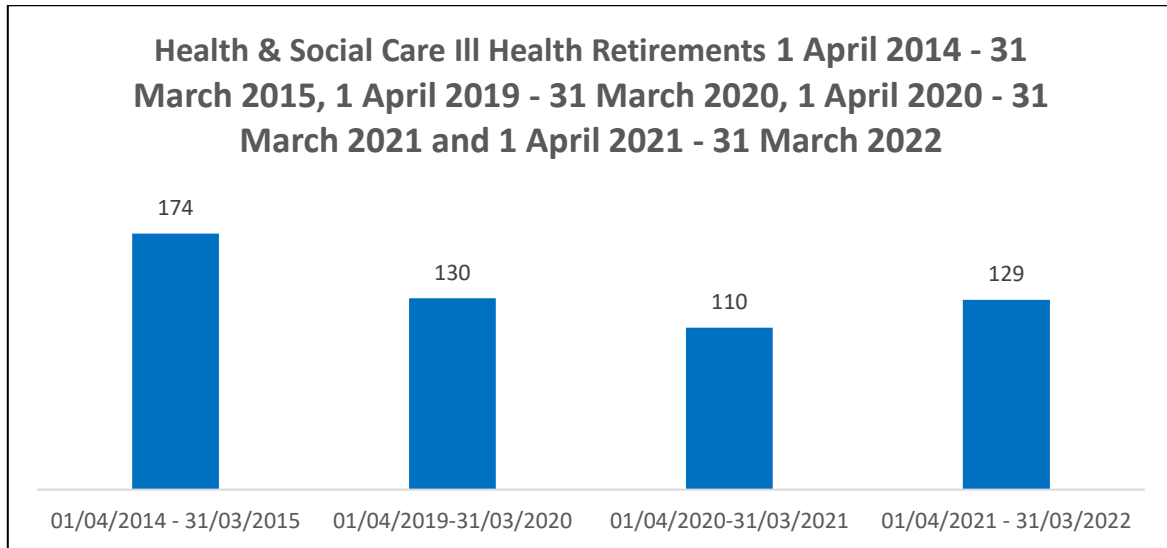
NI Teachers Pension Scheme

| Year | Ill Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 72 |
| 01/04/2019 - 31/03/2020 | 53 |
| 01/04/2020 - 31/03/2021 | 27 |
| 01/04/2021 - 31/03/2022 | 27 |



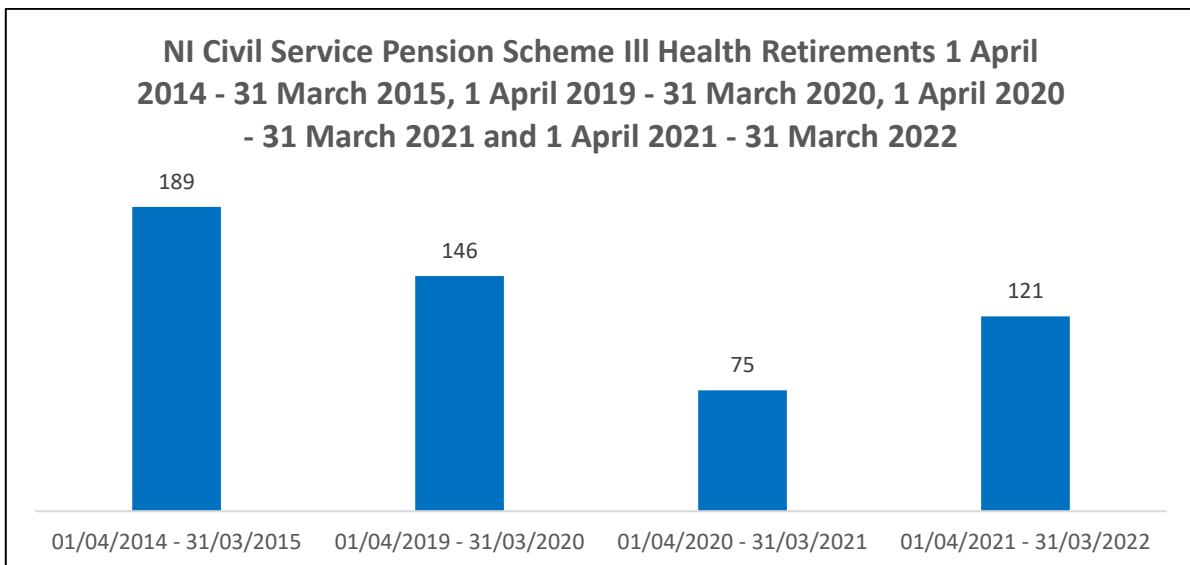
Health and Social Care Pension Scheme

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 174 |
| 01/04/2019 - 31/03/2020 | 130 |
| 01/04/2020 - 31/03/2021 | 110 |
| 01/04/2021 - 31/03/2022 | 129 |



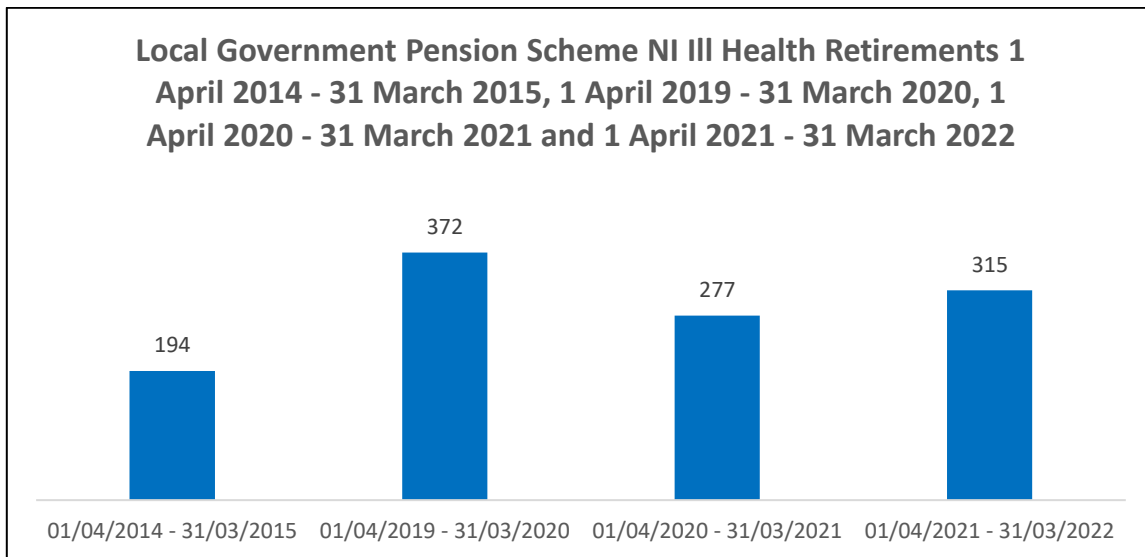
NI Civil Service Pension Scheme

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 189 |
| 01/04/2019 - 31/03/2020 | 146 |
| 01/04/2020 - 31/03/2021 | 75 |
| 01/04/2021 - 31/03/2022 | 121 |



Local Government Pension Scheme (NI)

| Year | III Health Retirements |
|-------------------------|------------------------|
| 01/04/2014 - 31/03/2015 | 194 |
| 01/04/2019 - 31/03/2020 | 372 |
| 01/04/2020 - 31/03/2021 | 277 |
| 01/04/2021 - 31/03/2022 | 315 |



NI Public Pension Schemes III Health Retirements as a Percentage of Active Membership 2014/15; 2019/20; 2020/21 and 2021/22

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|-------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 181,520 | 693 | 0.38% |
| 01/04/2019- 31/03/2020 | 201,745 | 835 | 0.41% |
| 01/04/2020- 31/03/2021 | 213,466 | 572 | 0.28% |
| 01/04/2021 - 31/03/2022 | 223,307 | 697 | 0.31% |

NI Police Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|-------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 6,783 | 45 | 0.66% |
| 01/04/2019- 31/03/2020 | 6,701 | 104 | 1.55% |
| 01/04/2020- 31/03/2021 | 6,807 | 58 | 0.85% |
| 01/04/2021 - 31/03/2022 | 6,865 | 77 | 1.12% |

NI Fire & Rescue Service Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|-------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 1,750 | 19 | 1.09% |
| 01/04/2019- 31/03/2020 | 1,673 | 30 | 1.79% |
| 01/04/2020- 31/03/2021 | 1,591 | 25 | 1.57% |
| 01/04/2021 - 31/03/2022 | 1,657 | 28 | 1.69% |

NI Judicial Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|-------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 0 | 0 | 0% |
| 01/04/2019- 31/03/2020 | 55 | 0 | 0% |
| 01/04/2020- 31/03/2021 | 57 | 0 | 0% |
| 01/04/2021 - 31/03/2022 | 53 | 0 | 0% |

NI Teachers Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|--------------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 25,158 | 72 | 0.29% |
| 01/04/2019- 31/03/2020 | 25,177 | 53 | 0.21% |
| 01/04/2020- 31/03/2021 | 26,891 | 27 | 0.10% |
| 01/04/2021 - 31/03/2022 | 27,829 | 27 | 0.10% |

NI Health & Social Care Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|--------------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 61,462 | 174 | 0.28% |
| 01/04/2019- 31/03/2020 | 72,220 | 130 | 0.18% |
| 01/04/2020- 31/03/2021 | 77,369 | 110 | 0.14% |
| 01/04/2021 - 31/03/2022 | 80,909 | 129 | 0.16% |

NI Civil Service Pension Scheme

| Year | Active Membership | III Health Retirements | III Health retirements as % of Active Membership |
|--------------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 33,491 | 189 | 0.56% |
| 01/04/2019- 31/03/2020 | 28,388 | 146 | 0.51% |
| 01/04/2020- 31/03/2021 | 30,694 | 75 | 0.24% |
| 01/04/2021 - 31/03/2022 | 29,920 | 121 | 0.40% |

Local Government Pension Scheme NI

| Year | Active Membership | Ill Health Retirements | Ill Health retirements as % of Active Membership |
|--------------------------------|-------------------|------------------------|--|
| 01/04/2014 - 31/03/2015 | 52,876 | 194 | 0.37% |
| 01/04/2019- 31/03/2020 | 67,531 | 372 | 0.55% |
| 01/04/2020- 31/03/2021 | 70,057 | 277 | 0.40% |
| 01/04/2021 - 31/03/2022 | 76,074 | 315 | 0.41% |

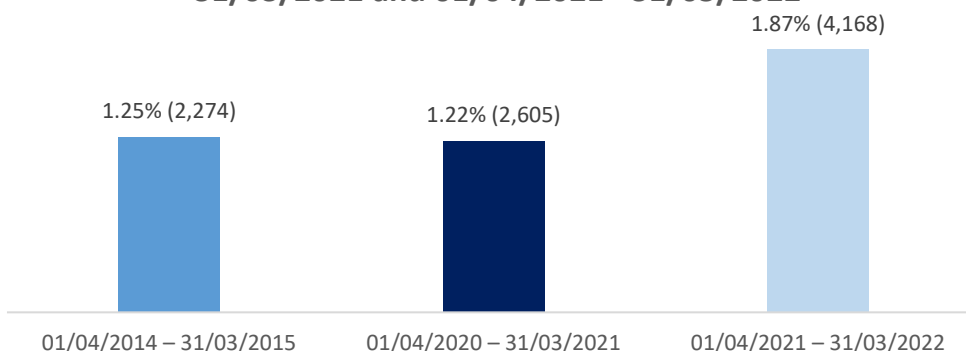
Age Retirements

3.6 For Age Retirements, at the request of the 2022 review group, there was a detailed comparison carried out for year endings 31 March 2015, 31 March 2021 and 31 March 2022. Overall, the percentage of active members retiring on grounds of age in these years did not change significantly, as it was only 0.62 percentage points higher in year ending 31 March 2022 than in year ending 31 March 2015.

NI Public Pension Schemes Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|-------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 181,520 | 2,274 | 1.25% |
| 01/04/2020 – 31/03/2021 | 213,466 | 2,605 | 1.22% |
| 01/04/2021 – 31/03/2022 | 223,307 | 4,168 | 1.87% |

NI Public Pension Schemes Comparison Age Retirements as % of Active Membership 01/04/2014 - 31/03/2015, 01/04/2020 - 31/03/2021 and 01/04/2021 - 31/05/2022

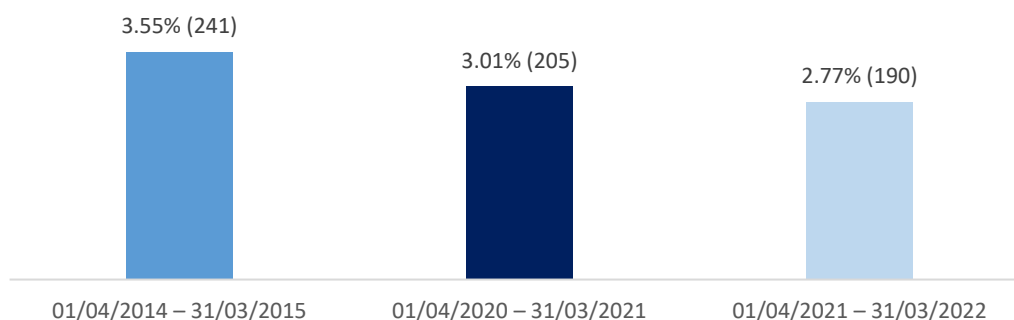


Age retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015
 Age retirements 01/04/2020 - 31/03/2021 as % of active membership 31/03/2021
 Age retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

NI Police Pension Scheme Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|-------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 6,783 | 241 | 3.55% |
| 01/04/2020 – 31/03/2021 | 6,807 | 205 | 3.01% |
| 01/04/2021 – 31/03/2022 | 6,865 | 190 | 2.77% |

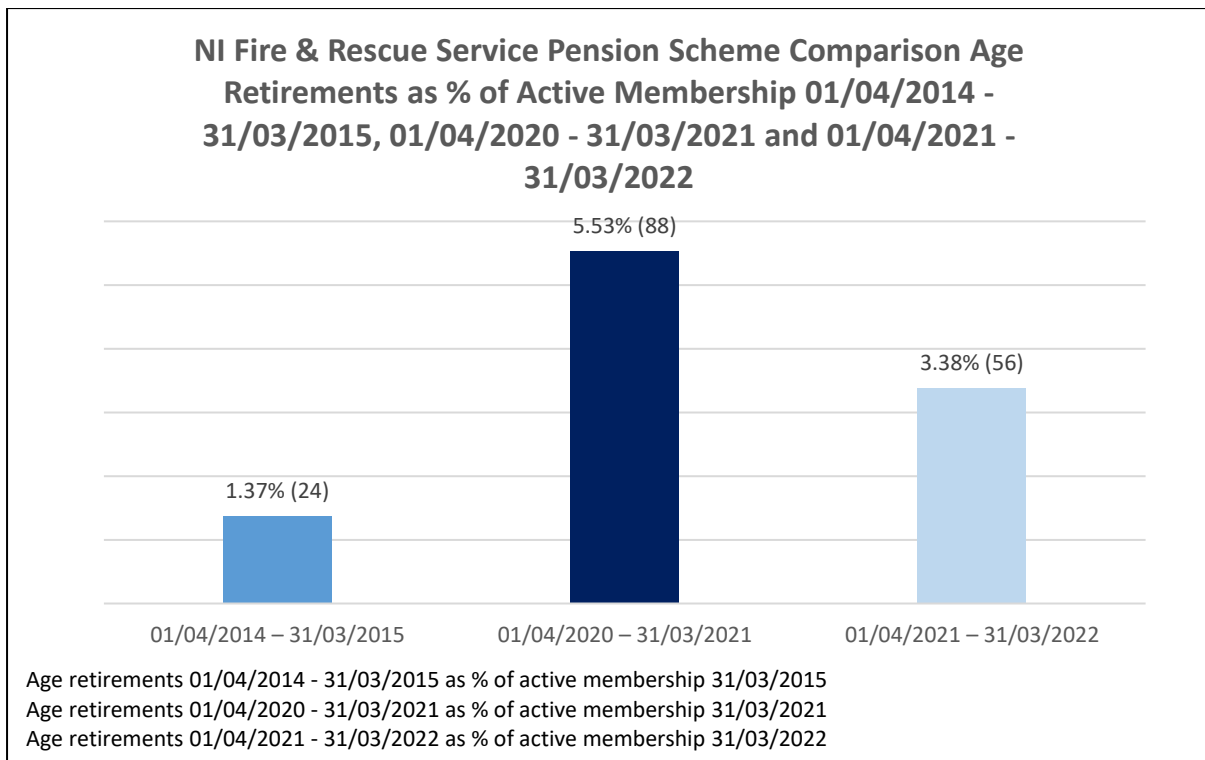
NI Police Service Pension Scheme Comparison Age Retirements as % of Active Membership 01/04/2014 - 31/03/2015, 01/04/2020 - 31/03/2021 and 01/04/2021 - 31/03/2022



Age retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015
 Age retirements 01/04/2020 - 31/03/2021 as % of active membership 31/03/2021
 Age retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

NI Fire & Rescue Service Pension Scheme Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

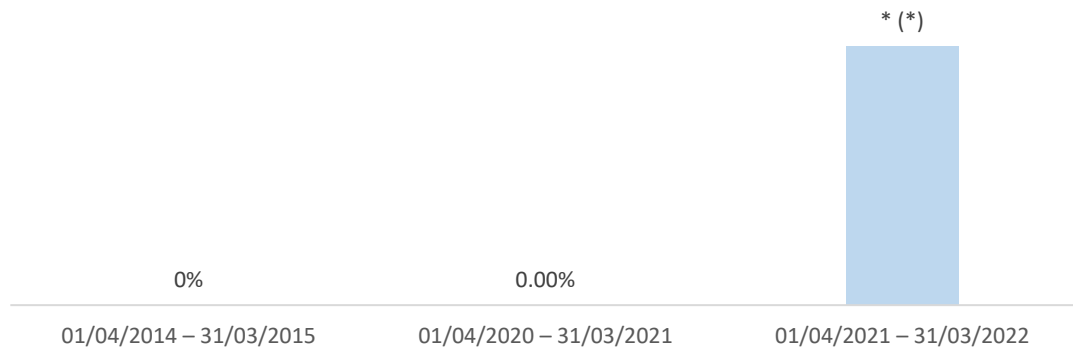
| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|--------------------------|------------------------|--|
| 01/04/2014 – 31/03/2015 | 1,750 | 24 | 1.37% |
| 01/04/2020 – 31/03/2021 | 1,591 | 88 | 5.53% |
| 01/04/2021 – 31/03/2022 | 1,657 | 56 | 3.38% |



NI Judicial Pension Scheme Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|--------------------------|------------------------|--|
| 01/04/2014 – 31/03/2015 | 0 | 0 | 0% |
| 01/04/2020 – 31/03/2021 | 57 | 0 | 0% |
| 01/04/2021 – 31/03/2022 | 53 | * | * |

**NI Judicial Service Pension Scheme Comparison Age Retirements
as % of Active Membership 01/04/2014 - 31/03/2015,
01/04/2020 - 31/03/2021 and 01/04/2021 - 31/03/2022**

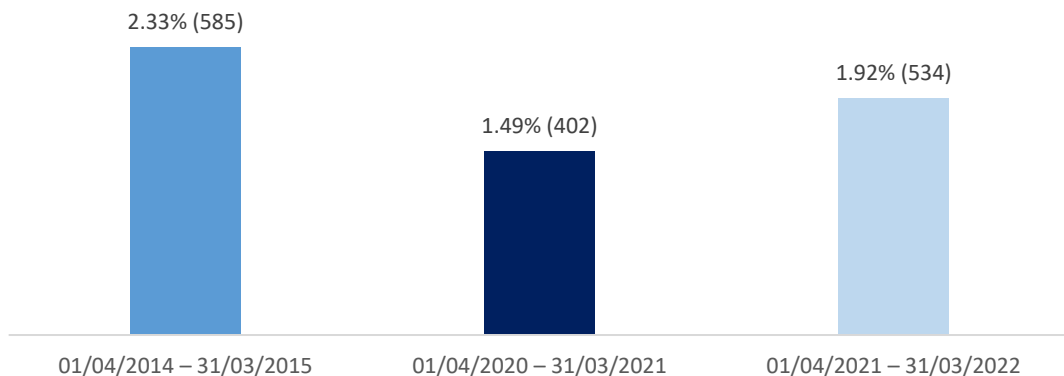


Age retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015
 Age retirements 01/04/2020 - 31/03/2021 as % of active membership 31/03/2021
 Age retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022
 * The number is less than 5 and deemed too small to release

**NI Teachers Pension Scheme Age Retirements Comparison 1 April 2014 – 31
March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022**

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|-------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 25,158 | 585 | 2.33% |
| 01/04/2020 – 31/03/2021 | 26,891 | 402 | 1.49% |
| 01/04/2021 – 31/03/2022 | 27,829 | 534 | 1.92% |

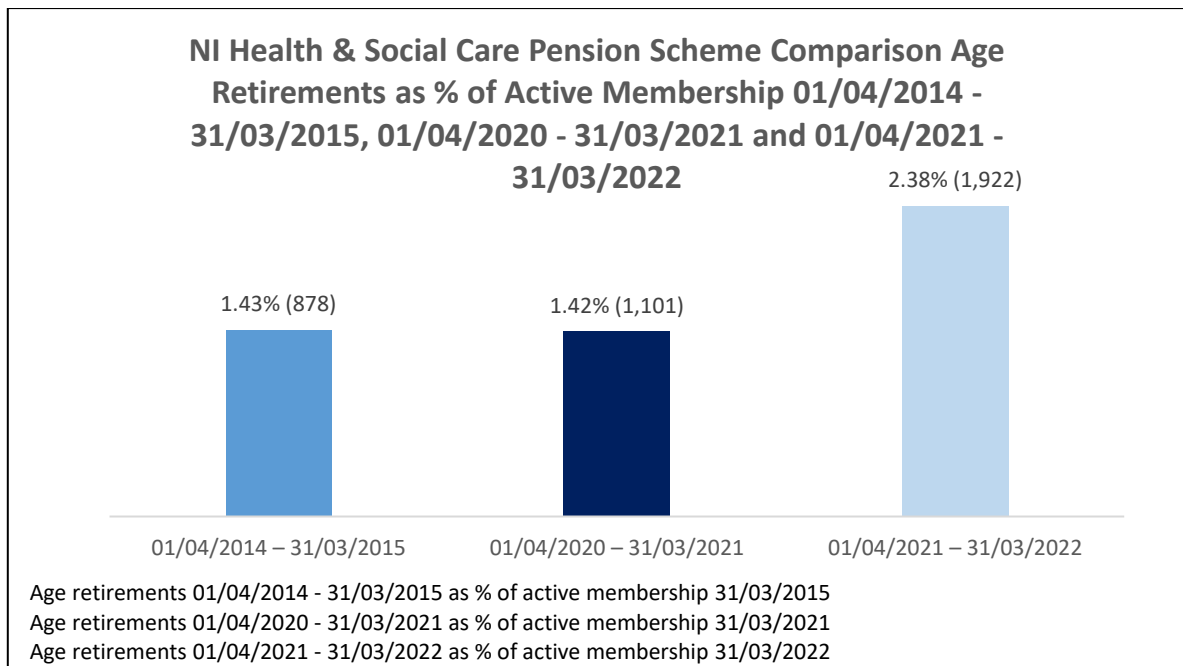
**NI Teachers Pension Scheme Comparison Age Retirements as % of
Active Membership 01/04/2014 - 31/03/2015, 01/04/2020 -
31/03/2021 and 01/04/2021 - 31/03/2022**



Age retirements 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015
 Age retirements 01/04/2020 - 31/03/2021 as % of active membership 31/03/2021
 Age retirements 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

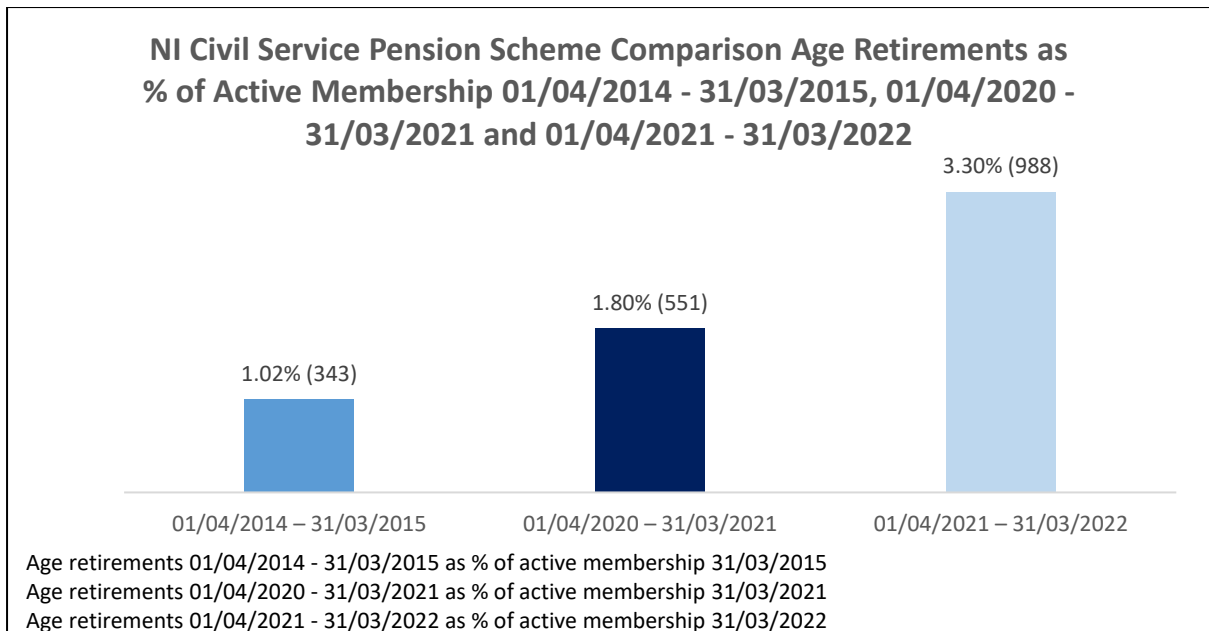
NI Health & Social Care Pension Scheme Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|--------------------------|------------------------|--|
| 01/04/2014 – 31/03/2015 | 61,462 | 878 | 1.43% |
| 01/04/2020 – 31/03/2021 | 77,369 | 1,101 | 1.42% |
| 01/04/2021 – 31/03/2022 | 80,909 | 1,922 | 2.38% |



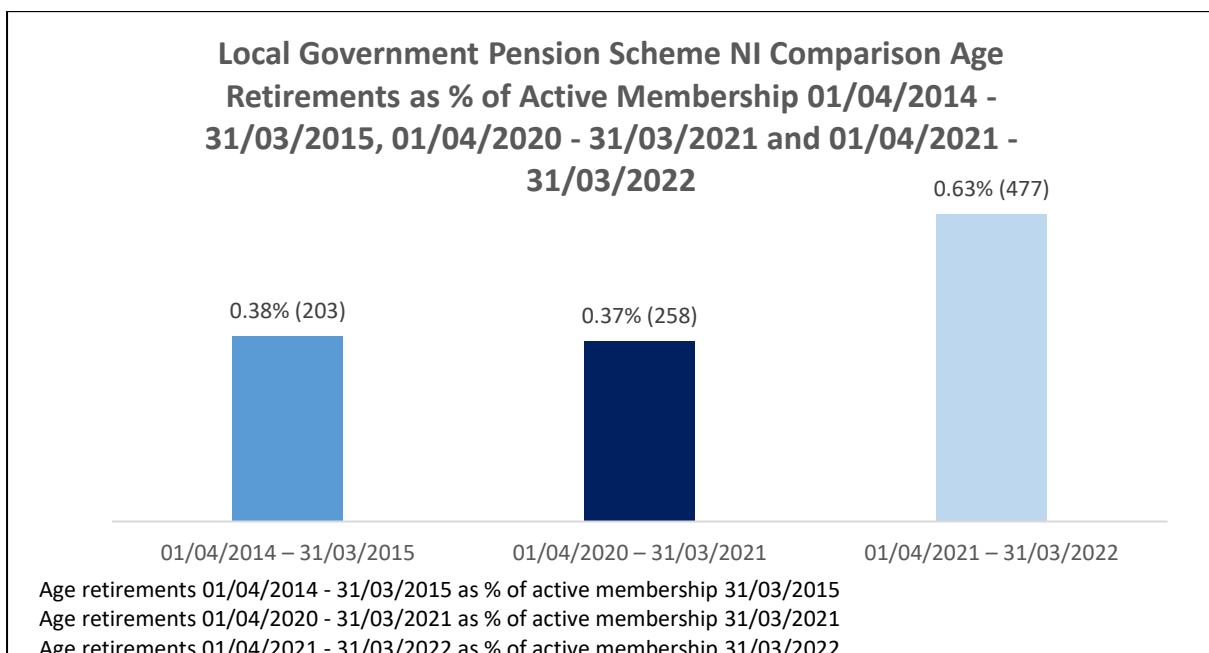
NI Civil Service Pension Scheme Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|--------------------------|------------------------|--|
| 01/04/2014 – 31/03/2015 | 33,491 | 343 | 1.02% |
| 01/04/2020 – 31/03/2021 | 30,694 | 551 | 1.80% |
| 01/04/2021 – 31/03/2022 | 29,920 | 988 | 3.30% |



Local Government Pension Scheme NI Age Retirements Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Age Retirements | Age Retirements as % of Active Membership |
|--------------------------------|-------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 52,876 | 203 | 0.38% |
| 01/04/2020 – 31/03/2021 | 70,057 | 258 | 0.37% |
| 01/04/2021 – 31/03/2022 | 76,064 | 477 | 0.63% |

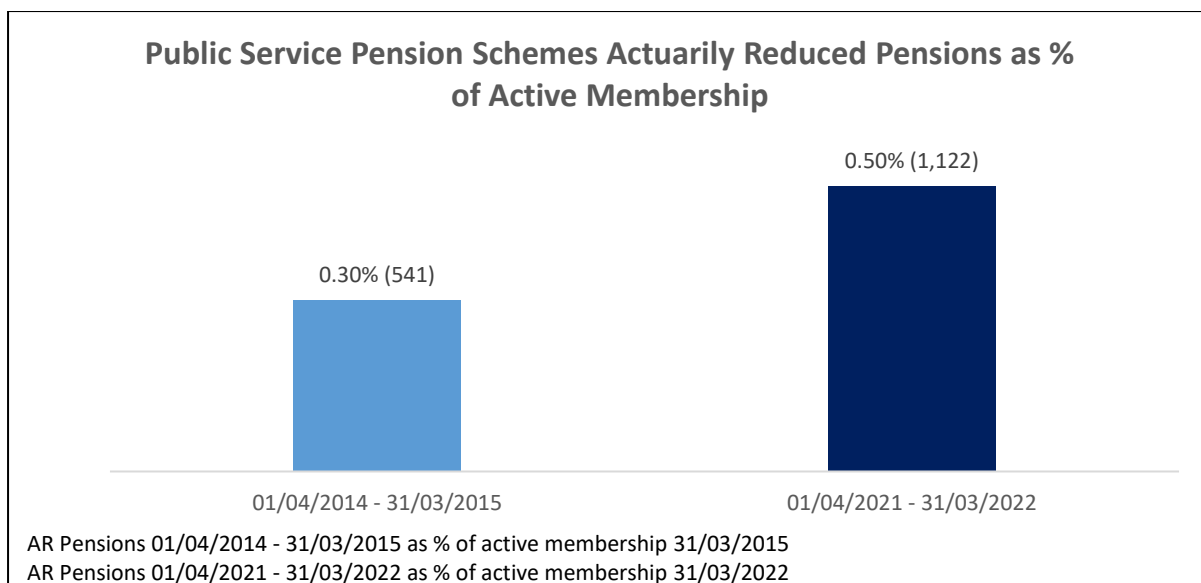


Actuarially reduced early retirements

- 3.7 Of the seven public service pension schemes four include provision for members to take their benefits early on an actuarially reduced basis – NI Teachers Pension Scheme, Civil Service Pension Scheme (NI), Health and Social Care Scheme (NI) and Local Government Pension Scheme (NI).
- 3.8 Overall, across all those schemes which have actuarially reduced early retirement provisions there was an increase of 0.20 percentage points in year ending 31 March 2022 compared to year ending 31 March 2015.
- 3.9 This was most evident in the Health and Social Care Scheme (NI) where there were 471 actuarially reduced early retirements in year ending 31 March 2022 which was 0.58% of the active membership in that year. This was an increase of 0.34 percentage points when compared to year ending 31 March 2015 when there were 147 actuarially reduced early retirements which was 0.24% of the active membership in that year.
- 3.10 In relation to the Civil Service Pension Scheme (NI) the number of actuarially reduced early retirements reported by the scheme for year ending 31 March 2015 has been updated as the original figure only included those members who had left under the NICS Voluntary Exit Scheme in that year. The updated figure now incorporates all members who left early with reduced benefits in that year.

NI Public Pension Schemes Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

| Year | Active Membership | AR | AR as % of Active Membership |
|-------------------------|-------------------|-------|------------------------------|
| 01/04/2014 – 31/03/2015 | 181,520 | 541 | 0.30% |
| 01/04/2021 – 31/03/2022 | 223,307 | 1,122 | 0.50% |



NI Police Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|-------------------|-----|------------------------------|
| 01/04/2014 – 31/03/2015 | 6,783 | N/A | N/A |
| 01/04/2021 – 31/03/2022 | 6,865 | N/A | N/A |

NI Fire & Rescue Service Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

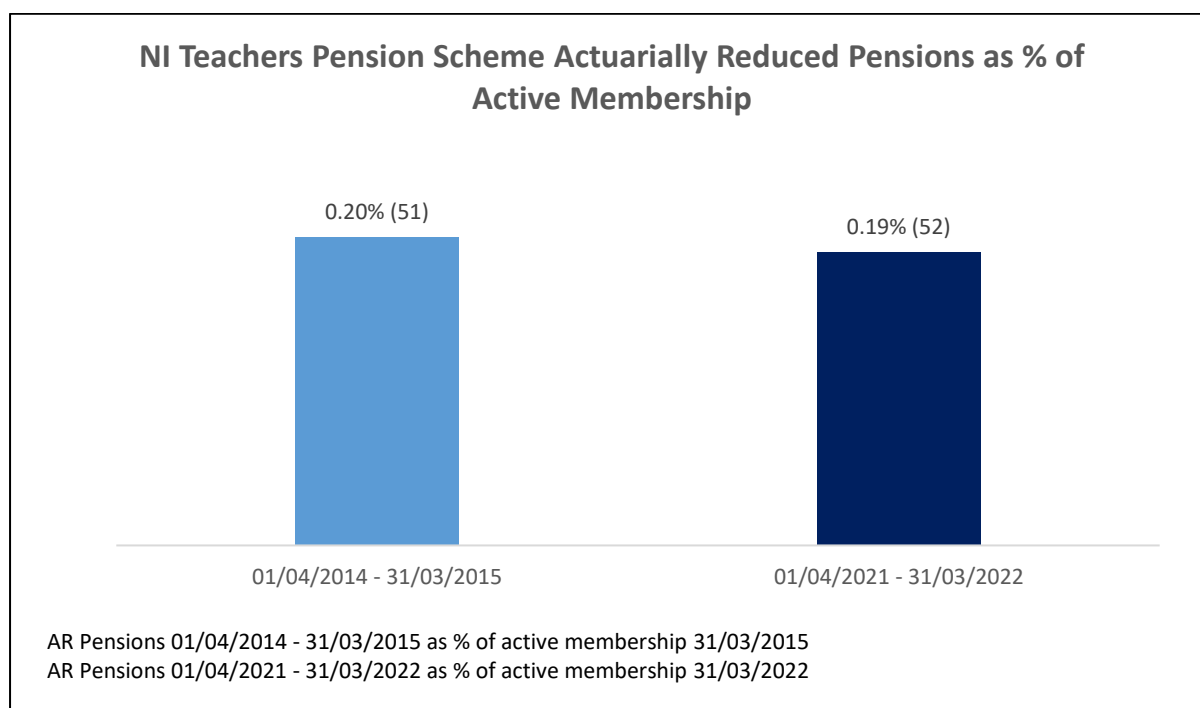
| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|-------------------|-----|------------------------------|
| 01/04/2014 – 31/03/2015 | 1,750 | N/A | N/A |
| 01/04/2021 – 31/03/2022 | 1,657 | N/A | N/A |

NI Judicial Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|--------------------------|-----------|-------------------------------------|
| 01/04/2014 – 31/03/2015 | 0 | N/A | N/A |
| 01/04/2021 – 31/03/2022 | 53 | N/A | N/A |

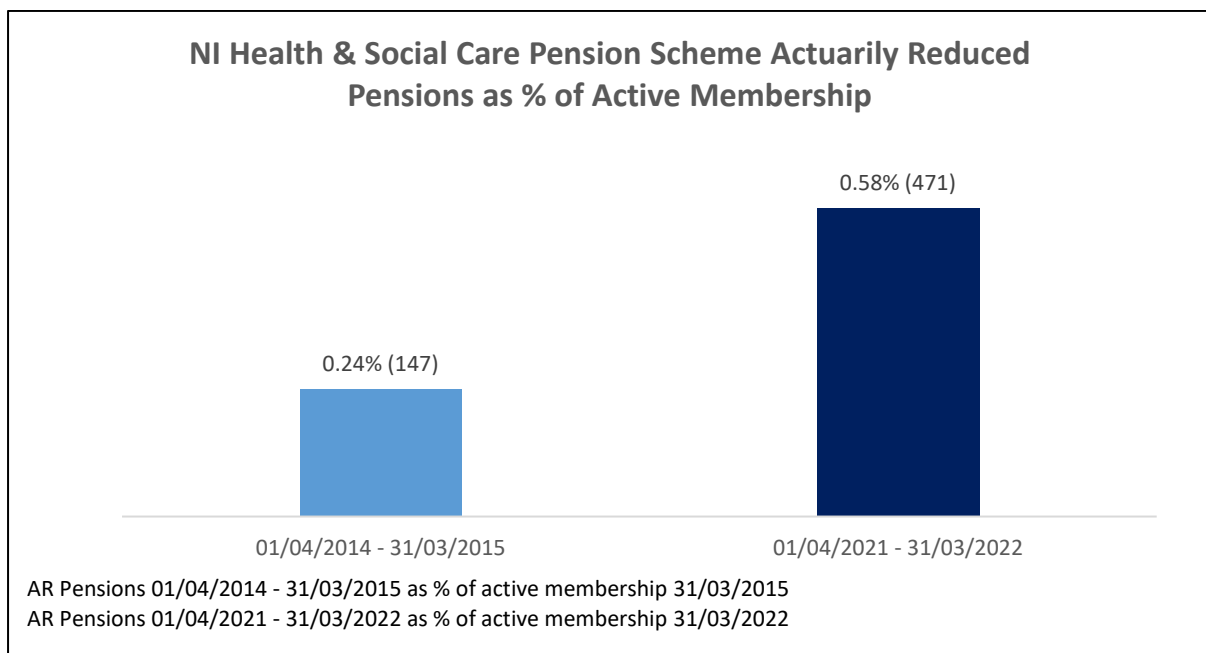
NI Teachers Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|--------------------------|-----------|-------------------------------------|
| 01/04/2014 – 31/03/2015 | 25,158 | 51 | 0.20% |
| 01/04/2021 – 31/03/2022 | 27,829 | 52 | 0.19% |



NI Health & Social Care Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

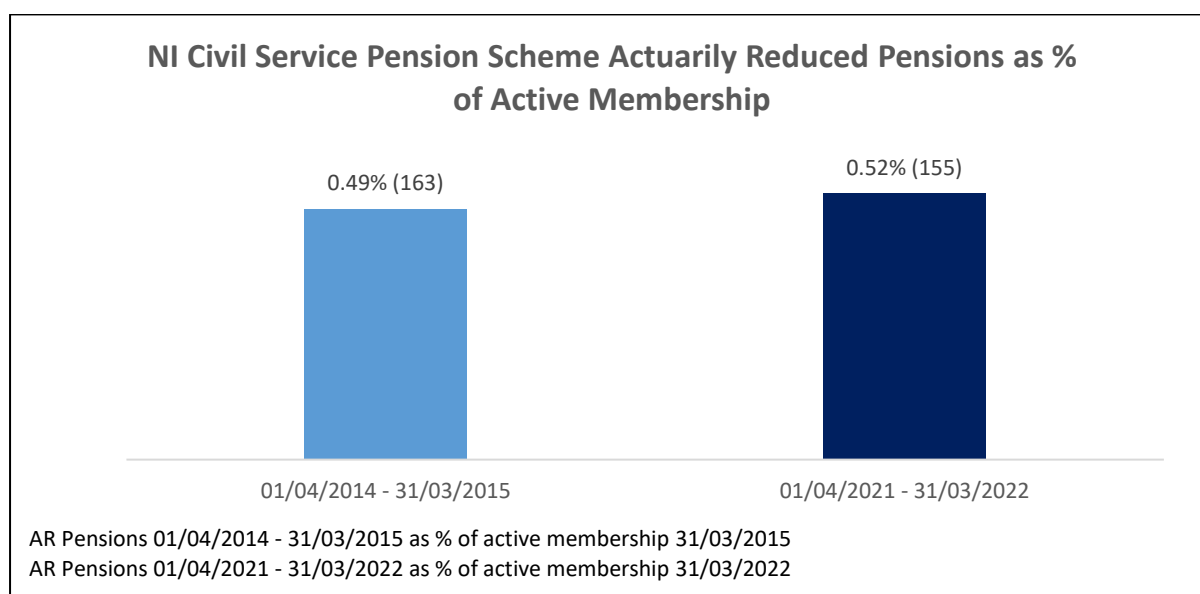
| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|--------------------------|-----------|-------------------------------------|
| 01/04/2014 – 31/03/2015 | 61,462 | 147 | 0.24% |
| 01/04/2021 – 31/03/2022 | 80,909 | 471 | 0.58% |



NI Civil Service Pension Scheme Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

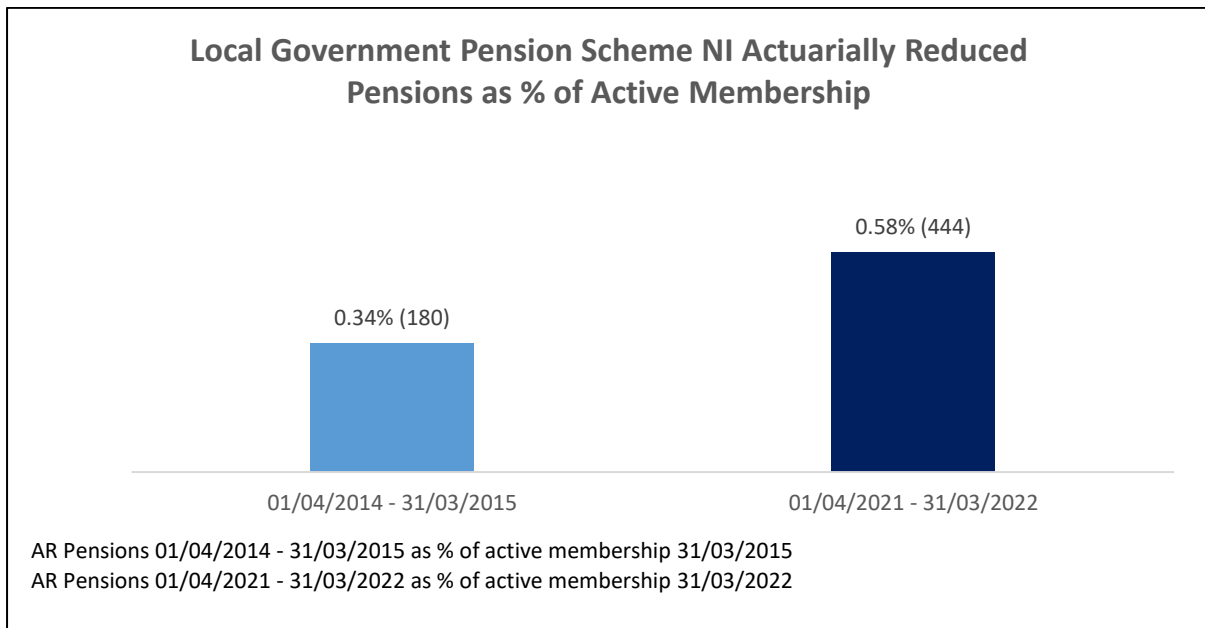
| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|--------------------------|-----------|-------------------------------------|
| 01/04/2014 – 31/03/2015 | 33,491 | 163* | 0.49% |
| 01/04/2021 – 31/03/2022 | 29,920 | 155 | 0.52% |

* the number of actuarial early retirements reported by the scheme for year ending 31 March 2015 has now been updated by CSP. The updated figure now incorporates all members who left early with actuarially reduced benefits in that year.



Local Government Pension Scheme NI Voluntary Early Retirement with Actuarially Reduced Pension Comparison 1 April 2014 - 31 March 2015 and 1 April 2021 – 31 March 2022

| Year | Active Membership | AR | AR as % of Active Membership |
|--------------------------------|--------------------------|-----------|-------------------------------------|
| 01/04/2014 – 31/03/2015 | 52,876 | 180 | 0.34% |
| 01/04/2021 – 31/03/2022 | 76,074 | 444 | 0.58% |



Scheme Opt Outs

- 3.11 The overall percentage of opt outs across all schemes for year ending 31 March 2022 has not altered significantly when compared with the equivalent data from year ending 31 March 2015. However, some schemes did see a significant reduction in the number of opt outs, e.g., Police Pension Scheme which decreased from 7.99% in year ending 31 March 2015 to 0.58% in year ending 31 March 2022. The Police Pension Scheme has commented that this be mainly due to the promotion of the benefits of the scheme to members by the administrators. The Health Scheme is the only scheme that has seen an increase in the number of opt outs which has risen from 0.32% in year ending 31 March 2015 to 1.33% in year ending 31 March 2022. The Department of Health has suggested that this may be due to an issue within the Health Scheme with regard to Annual Allowance, which impacts certain occupations.
- 3.12 It should be noted that the analysis of scheme opt outs does not take account of individual scheme requirements to periodically automatically enrol staff in a pension scheme under the Pensions (No.2 Act) (Northern Ireland) 2008¹⁸.

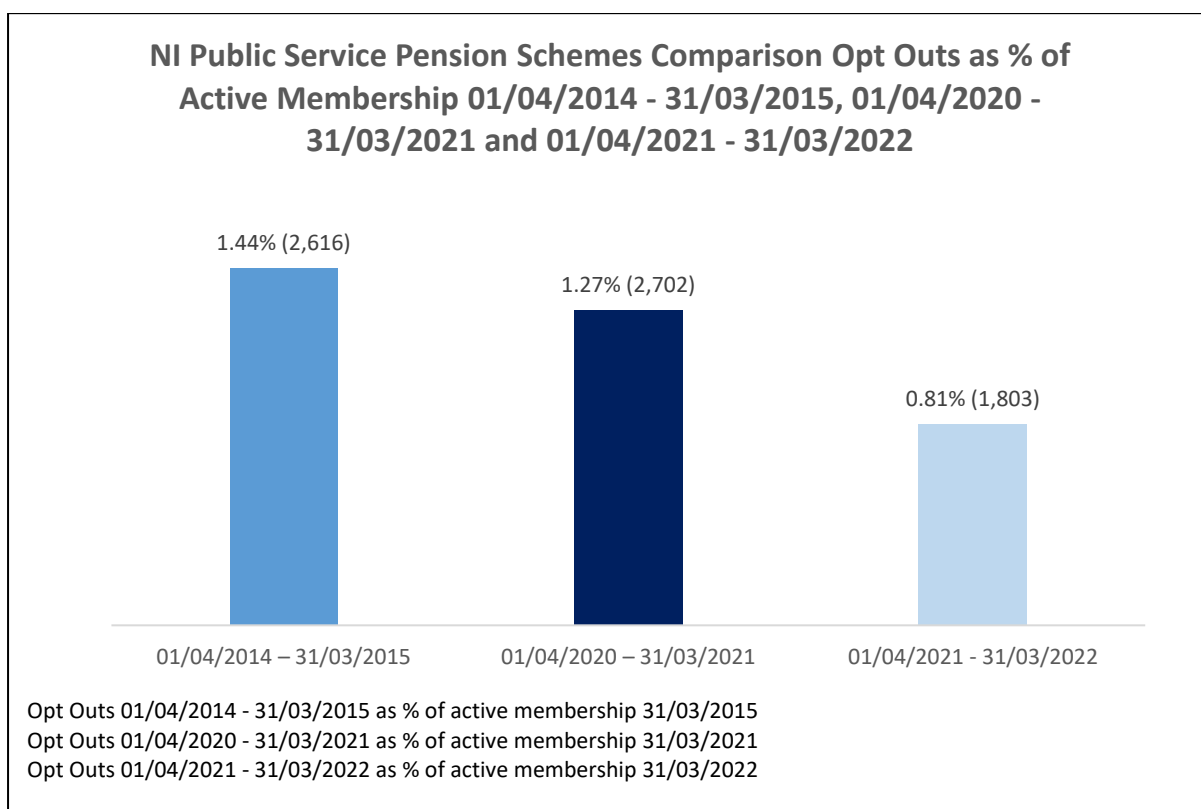
¹⁸ <https://www.legislation.gov.uk/nia/2008/13/section/5>

Additionally, members who opt out within three months of joining are not included in the overall opt out figures for some schemes.

NI Public Pension Schemes Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

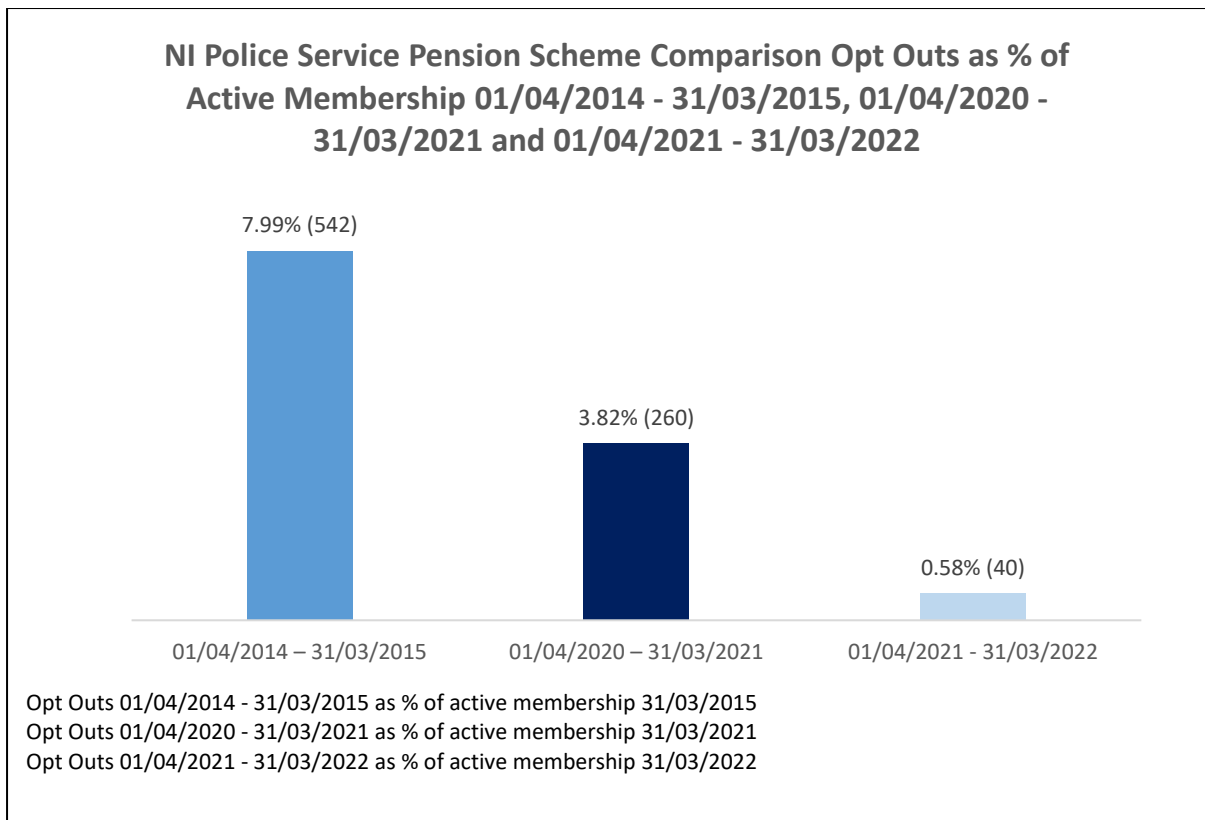
(Opt out data provided does not take account of the influence of auto-enrolment requirements across the individual schemes)

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 181,520 | 2,616 | 1.44% |
| 01/04/2020 – 31/03/2021 | 213,466 | 2,702 | 1.27% |
| 01/04/2021 – 31/03/2022 | 223,307 | 1,803 | 0.81% |



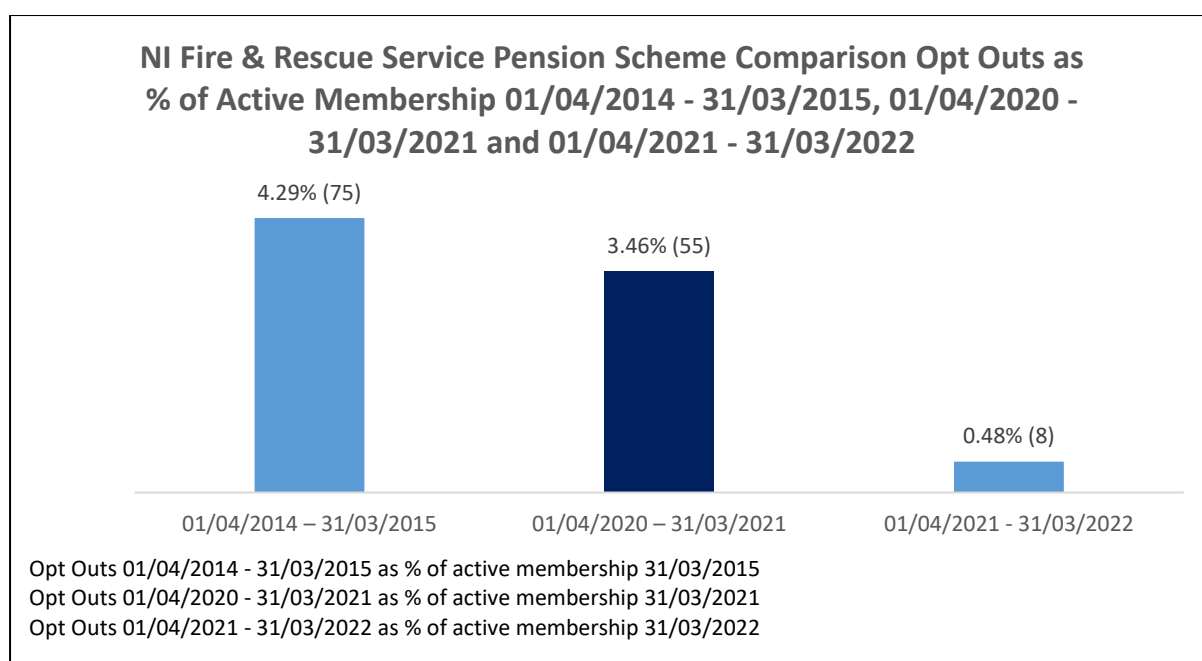
**NI Police Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015;
1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022**

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 6,783 | 542 | 7.99% |
| 01/04/2020 – 31/03/2021 | 6,807 | 260 | 3.82% |
| 01/04/2021 – 31/03/2022 | 6,865 | 40 | 0.58% |



NI Fire & Rescue Service Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 1,750 | 75 | 4.29% |
| 01/04/2020 – 31/03/2021 | 1,591 | 55 | 3.46% |
| 01/04/2021 – 31/03/2022 | 1,657 | 8 | 0.48% |



NI Judicial Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 0 | 0 | 0% |
| 01/04/2020 – 31/03/2021 | 57 | 0 | 0% |
| 01/04/2021 – 31/03/2022 | 53 | 0 | 0% |

NI Judicial Service Pension Scheme Comparison Opt Outs as % of Active Membership 01/04/14 - 31/03/2015, 01/04/2020 - 31/03/2021 and 01/04/2021 - 31/03/2022

0 (0%)

0 (0%)

0%

01/04/2014 – 31/03/2015

01/04/2020 – 31/03/2021

01/04/2021 - 31/03/2022

Opt Outs 01/04/2014 - 31/03/2015 as % of active membership 31/03/2015

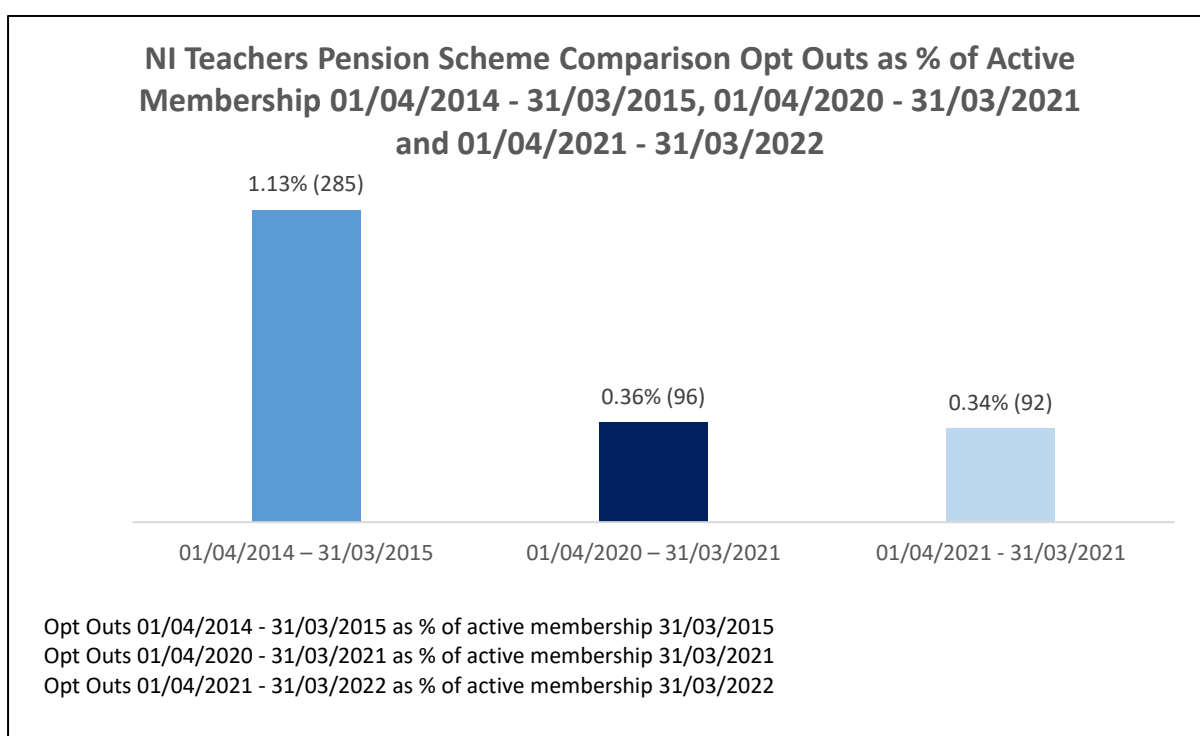
Opt Outs 01/04/2020 - 31/03/2021 as % of active membership 31/03/2021

Opt Outs 01/04/2021 - 31/03/2022 as % of active membership 31/03/2022

*NI Judicial Pension Scheme was only established 01/04/2015; no opt outs for year 01/04/2020 - 31/03/2021 or 01/04/2021 - 31/03/2022.

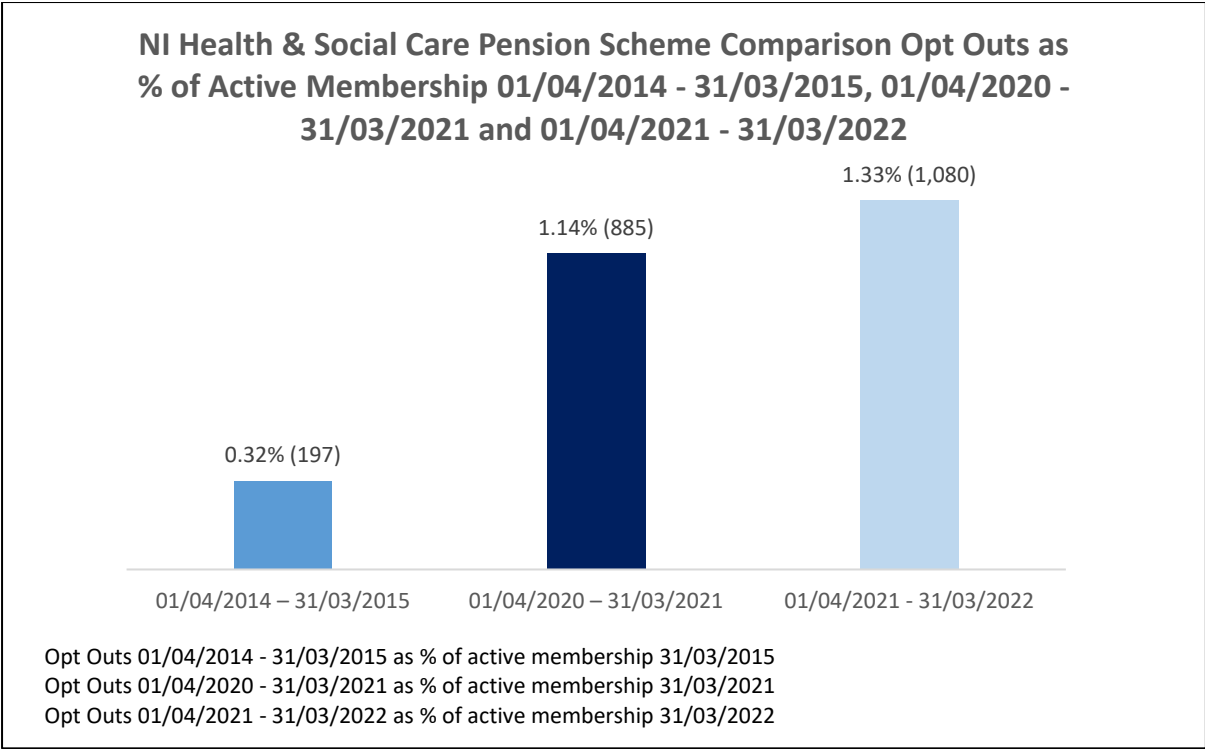
NI Teachers Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 25,158 | 285 | 1.13% |
| 01/04/2020 – 31/03/2021 | 26,891 | 96 | 0.36% |
| 01/04/2021 – 31/03/2022 | 27,829 | 92 | 0.34% |



NI Health & Social Care Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

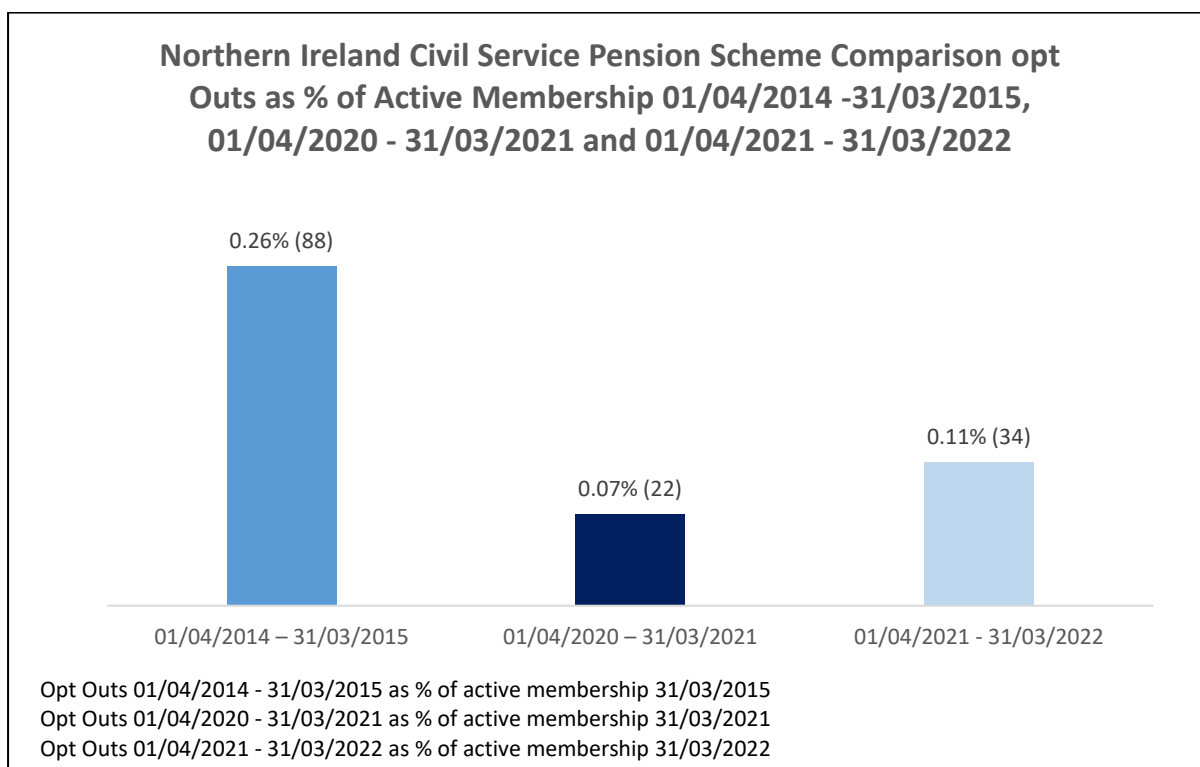
| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 61,462 | 197 | 0.32% |
| 01/04/2020 – 31/03/2021 | 77,369 | 885 | 1.14% |
| 01/04/2021 – 31/03/2022 | 80,909 | 1,080 | 1.33% |



NI Civil Service Pension Scheme Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

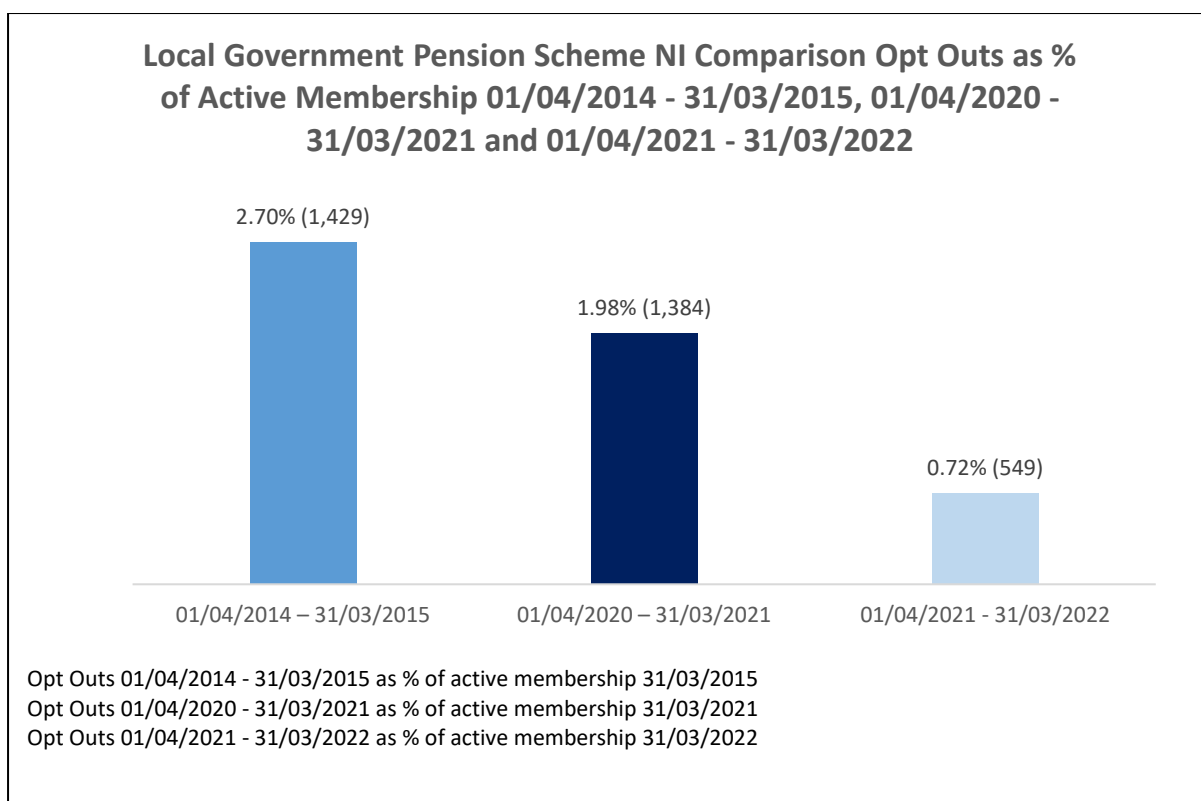
| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 33,491 | 88* | 0.26% |
| 01/04/2020 – 31/03/2021 | 30,694 | 22 | 0.07% |
| 01/04/2021 – 31/03/2022 | 29,920 | 34 | 0.11% |

*The number of Opt Outs reported by Civil Service Pensions for year ending 31 March 2015 has been amended from the figures originally provided in the first report on the review of the Act.



Local Government Pension Scheme NI Opt Outs Comparison 1 April 2014 – 31 March 2015; 1 April 2020 – 31 March 2021 and 1 April 2021 – 31 March 2022

| Year | Active Membership | Opt Outs | Opt Outs as % of Active Membership |
|--------------------------------|--------------------------|-----------------|---|
| 01/04/2014 – 31/03/2015 | 52,876 | 1,429 | 2.70% |
| 01/04/2020 – 31/03/2021 | 70,057 | 1,384 | 1.98% |
| 01/04/2021 – 31/03/2022 | 76,074 | 549 | 0.72% |



Summary of analysis of leave behaviour

3.13 Based on its analysis of the available data the 2022 review group concluded no observable trend for change in leaver behaviour with a confirmed or direct correlation to the effects of the 2014 Act at this time.

4. COST CONTROL

- 4.1 The 2016 review of the Act set out the effects of changes to the cost control regime introduced as part of the 2015 reforms. The approach on cost control was based on recommendations by the IPSPC for a common approach to scheme valuations and cost management aimed at sharing cost risks between employers and scheme members. Under the 2014 Act the assets and liabilities for public service pension schemes must be valued periodically in actuarial valuations undertaken in accordance with procedures set out in directions made by the Department of Finance. These directions set out how and when scheme valuations should be completed, together with requirements for scheme data and demographic and fiscal assumptions which should be used. The 2014 Act also required each scheme to operate a cost cap controlling the proportion of scheme costs which fall to public service employers. This employer cost cap mechanism was designed to operate in accordance with the upper and lower cost cap limits set in regulations made by the Department of Finance.
- 4.2 Due to the effects of the McCloud ruling the (as at) 2016 actuarial valuations of the devolved public service pension schemes were completed without reference to the full cost cap procedure introduced in the 2014 Act. Valuation and employer cost cap directions were made by the Department of Finance in March 2019 to pause operation of the cost cap mechanism, pending development of a remedy for the age discrimination arising from the McCloud ruling¹⁹. Following a policy consultation, in February 2021 the Department of Finance subsequently set out its design for the remedy for devolved schemes²⁰. Further valuation and cost cap directions were then made by the Department to allow schemes to conclude the 2016 valuations²¹.
- 4.3 It should be noted that the pausing of the cost cap and the completion of the 2016 valuations without full reference to the cost control processes in place prior to the McCloud ruling are currently disputed by employee representatives for members of the schemes established under the 2014 Act. This matter is the subject of ongoing litigation in the Courts in Britain. Pending further outcomes on this issue coverage of the matter as described in this report is intended only as a descriptive narrative to aid the reader as to the documented timeline of events.

¹⁹ <https://www.finance-ni.gov.uk/publications/public-service-pensions-valuations-and-employer-cost-cap-amendment-directions-northern-ireland-2019>

²⁰ <https://www.finance-ni.gov.uk/publications/response-consultation-proposed-changes-transitional-arrangements-2015-schemes>

²¹ <https://www.finance-ni.gov.uk/publications/public-service-pensions-valuations-and-employer-cost-cap-amendment-directions-northern-ireland-2021-0>

Other cost control changes

- 4.4 Since the 2016 review was completed there have been further changes to the cost control provisions for public service pension schemes originally carried in the 2014 Act. In response to concerns from the Westminster Government that the cost control mechanism might not be operating as intended the Government Actuary undertook a review of the mechanism in 2021/22.
- 4.5 The Government Actuary's report of his review of the cost cap mechanism was published on 15 June 2021²². The report made a number of recommendations aimed at improving the stable operation of the mechanism. Following a central policy consultation co-ordinated by the Treasury, two of the Government Actuary's recommendations were implemented for public service pension schemes, including for the devolved NI schemes, in the Public Service Pensions and Judicial Offices Act 2022²³.
- 4.6 The effect of these two changes was to amend the 2014 Act to:
- implement a new 'reformed scheme only' design so that for the future the cost cap process will only consider scheme past and future service in the reformed (post-2015) schemes and any costs associated with legacy (pre-2015) scheme costs will be discounted.
 - Introduce an 'economic check' linked to expected long-term GDP and which must be used to validate any breach of the cost cap mechanism (leading to consequential benefit changes) so that this would only be implemented if the breach would still have occurred had change in long-term economic assumptions been considered.
- 4.7 A third change to the cost cap process, also recommended by the Government Actuary's report, was made in August 2022 in regulations made by the Department of Finance under section 12 of the 2014 Act. This change widened the cost cap margin to increase the percentage level of normally acceptable change in costs, before a breach is deemed to have occurred, from 2% to 3% of pensionable pay.
- 4.8 In each case these changes to the cost cap mechanism as originally provided for in the 2014 Act will take effect from the 2020 round of actuarial valuations. These valuations are currently ongoing and final results are expected to be published in 2023. Therefore, any material effects for members of the reformed

²²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/993416/Cost_Control_Mechanism_-_GA_Review_-_Final_Report_-_27_May_2021.pdf

²³ In January 2022 the Assembly agreed a Legislative Consent Motion for the recommendations of the Government Actuary contained in the Public Service Pensions and Judicial Offices Bill should extend for devolved schemes here. The Bill subsequently received Royal Assent on 10 March 2022.
<https://www.legislation.gov.uk/ukpga/2022/7/contents/enacted>

schemes established by the 2014 Act cannot yet be realistically assessed or quantified.

5. TRANSITIONAL PROTECTIONS

- 5.1 When made, the 2014 Act included provisions to provide transitional protection with the intended effect that those members of public service pension scheme closest to retirement at the time of the reforms should see no change to their pension arrangements.
- 5.2 With the exception of the Local Government Pension Scheme (NI) (LGPS(NI)) each of the Northern Ireland public service schemes introduced transitional protections under section 18 of the Act so that members who were already within 10 years of the normal pension age for the scheme as at 1 April 2012 would retain their membership of the pre-2015 scheme with its associated normal pension age until they choose to retire or leave service.
- 5.3 The LGPS(NI) implemented a modified form of transitional protection. All members of that scheme moved to the reformed scheme on 1 April 2015. However, the scheme regulations provided for an 'underpin' in the new scheme for some members who were within 10 years of their normal pension age as at 1 April 2012. This underpin ensures that a member will draw benefits at retirement which are no less than they would have been had the pre 2015 legacy continued.
- 5.4 The 2014 Act also gave flexibility to responsible authorities to extend a tapered form of transitional protection to those on the immediate margins of the 10 year protection period. As a consequence, most members within up to four years of the 10 year limit are entitled to a proportionally extended period wherein they retain membership and accrue benefits under the terms of the old scheme. This tapered transitional protection did not apply to the LGPS(NI).
- 5.5 As reported in the 2016 review on 1 April 2015 a total of 33,645 public service pension scheme members retained full transitional protections under the 2014 Act. Of these 28,524 were able to remain in their existing 'pre-reform' scheme with its associated pension age. 5,121 members of the LGPS(NI) retained full protection in the form of the 'underpin' provided in the rules of that scheme. 11,987 public service scheme members retained tapered transitional protection, whereby they subsequently would move to the new schemes at a later date.

Full transitional protection at commencement of 2015 reforms

| Full transitional protection in public service schemes | |
|---|---|
| Scheme | Full protection as at 1 April 2015 |
| Health and Social Care Pension Scheme | 12,266 |
| Local Government Pension Scheme (NI) | All members moved to the new scheme on 01/04/2015, but NILGOSC had 5,121 active members with 'underpin' transitional protections. |
| NI Civil Service Pension Scheme | 9,466 |
| NI Teachers Pension Scheme | 4,242 |
| NI Police Pension Scheme | 2,056 |
| NI Fire and Rescue Service Pension Scheme | 0,494 |
| NI Judicial Pension Scheme | 0,000 |
| Total: | 33,645 |

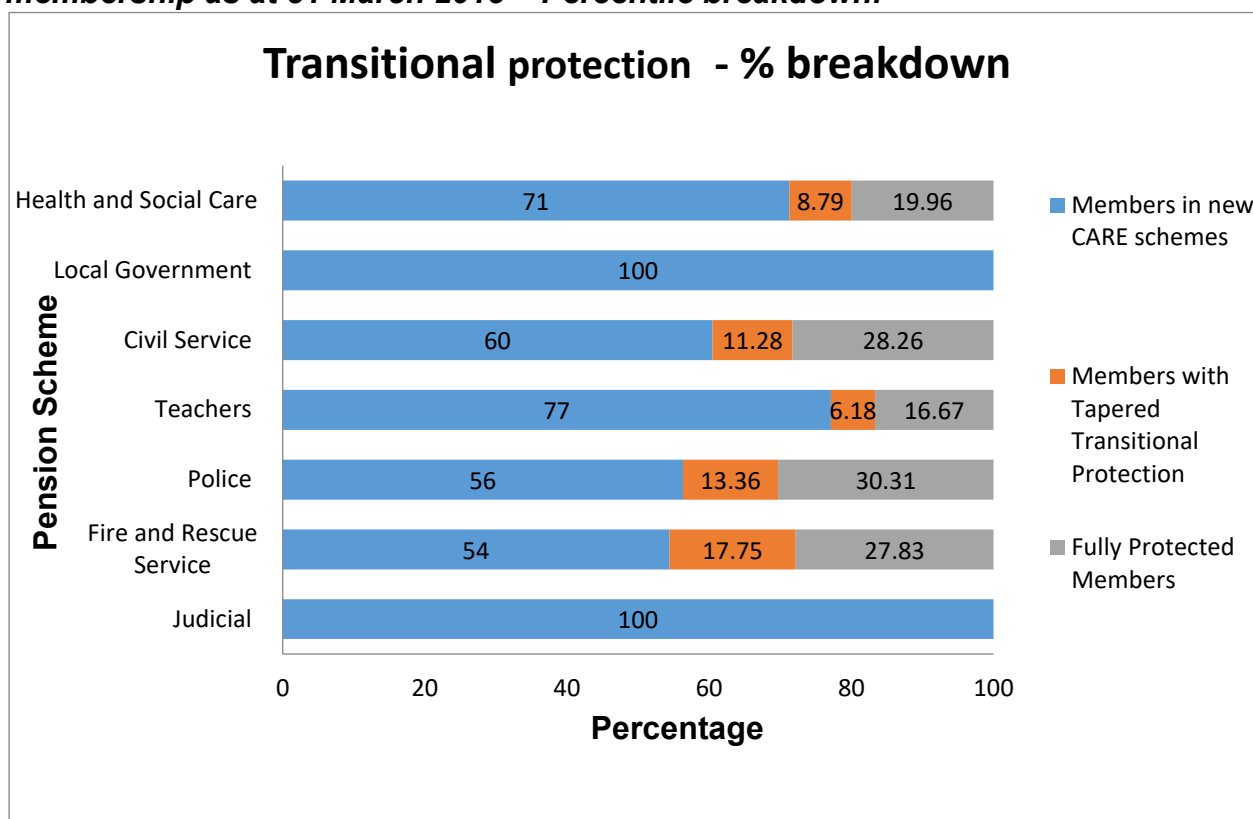
Source: Data collated from CCWG representatives April-October 2016

Tapered transitional protection at commencement of 2015 reforms

| Tapered transitional protection in public service schemes | |
|--|---|
| Scheme | Tapered transitional protection as at 1 April 2015 |
| Health and Social Care Pension Scheme | 5,401 |
| NI Civil Service Pension Scheme | 3,777 |
| NI Teachers Pension Scheme | 1,572 |
| NI Police Pension Scheme | 906 |
| NI Fire and Rescue Service Pension Scheme | 315 |
| NI Judicial Pension Scheme | 16 |
| Total: | 11,987 |

Source: Data collated from CCWG representatives April-October 2016

Reformed scheme membership and full & tapered transitional protection membership as at 31 March 2015 – Percentile breakdown:



Source: Data collated from CCWG representatives April-October 2016

- 5.6 Following legal cases taken by some members of the firefighters’ and judicial schemes in Great Britain, in December 2018 the Court of Appeal in England and Wales found that the transitional protections in those schemes unlawfully discriminated against younger members of those schemes (the McCloud ruling²⁴).
- 5.7 The Courts required that this unlawful discrimination be remedied. Rulings of the Court of Appeal in England and Wales are not directly binding here. However, the devolved public service schemes in Northern Ireland incorporate the same transitional protection arrangements as the schemes in Great Britain. Legal advice confirmed the implications of the Appeal Court decision were such that all schemes must be treated as affected by the ‘McCloud/Sargeant’ decisions and so require to be remedied.
- 5.8 Between December 2019 and March 2022, the Department of Finance has developed, consulted on, and implemented proposals to remedy this unlawful discrimination in the schemes established under the 2014 Act. As a consequence of changes to the original provisions on transitional protections in the 2014 Act all remaining transitionally protected members of the pre-2015 schemes moved to the reformed schemes for all future service with effect from

²⁴ <https://www.judiciary.uk/wp-content/uploads/2018/12/lord-chancellor-v-mcloud-and-ors-summary.pdf>

1 April 2022. These changes were made in the Public Service Pensions and Judicial Offices Act 2022²⁵.

- 5.9 As a consequence, 7,515 members who had previously received transitional protection moved to the reformed schemes from 1 April 2022. This date is significant in that most previously protected members within 10 years of their normal pension age on 31 March 2012 will have reached their 'normal' retirement age by 1 April 2022 and have either retired in line with their previous pension age or chosen to continue working in the public service.

Members moved to reformed schemes as at 1 April 2022

| Scheme | Moved to reformed scheme at 1 April 2022 |
|---|---|
| Health and Social Care Pension Scheme | 3,901 |
| Local Government Pension Scheme (NI) | N/A. All members moved to the new scheme on 01/04/2015. |
| Civil Service Pension Scheme | 2,509 |
| NI Teachers Pension Scheme | 709 |
| NI Police Pension Scheme | 262 |
| NI Fire and Rescue Service Pension Scheme | 134 |
| NI Judicial Pension Scheme | 0 |
| Total: | 7,515 |

Source: data collated from NI PSPs in November 2022.

- 5.10 Under the remedy for age discrimination all eligible members of the public service schemes including those who were previously moved to the reformed schemes (either on 1 April 2015 or at the end of their tapered transitional protection) will now be given a choice at the point of retirement to have their public service pension entitlements during the between 1 April 2015 and 31 March 2022, (the remedy period), calculated under the legacy (pre-2015) or reformed (post-2015) scheme rules. A modified remedy solution is being applied for the LGPS(NI) in that the original 'underpin' protection will be extended for all those who did not originally qualify for the transitional protection introduced in April 2015.
- 5.11 The intended effect of these changes is that all eligible public service scheme members affected by the age discrimination deemed by the courts to have occurred between 1 April 2015 and 31 March 2022 will be provided with options about their entitlements to restore them to a position, as far as reasonably possible, as if the discrimination had not occurred.

²⁵ In November 2021 and January 2022 the Assembly agreed Legislative consent Motions so that the provisions to remedy age discrimination contained in the Public Service Pensions and Judicial Offices Act 2022 (<https://www.legislation.gov.uk/ukpga/2022/7/contents/enacted>) would apply for devolved schemes in NI.

6. FURTHER COMMENTARY ON THE RECOMMENDATIONS OF THE 2016 REVIEW

6.1 The 2016 review made 2 main recommendations These were for:

- I) further consideration to be given to revising the review cycle to an interval of at least 4 years; and
- II) for public service schemes and employers to take steps to ensure the data types, identified as relevant to the review of the 2014 Act would be consistently collated and made available for the purpose of the future reviews.

6.2 In both cases the 2016 report specified that these recommendations should be taken forward and monitored by the Department of Finance at the main CCWG where each scheme has representation.

6.3 Both the main CCWG group and the 2022 review group have considered both recommendations and have concluded respectively on each that:

- I) at the present time the existing wording at section 10 of the 2014 Act for '*a review at intervals of not less than every two years following commencement of section 10*' provides an adequately flexible arrangement for a review of the effects of the 2014 Act to initiated as considered necessary and by mutual agreement of the management side and TUS side representatives which constitute the CCWG. An amendment to the statutory requirement is not therefore currently being proposed; and
- II) the CCWG acknowledges the work and attention paid by scheme responsible departments to ensure accurate and relevant data is provided timeously on an annual basis, or as otherwise requested, for the purposes of the statutory review of the effects of the 2014 Act. It is also acknowledged that in some circumstances e.g., workforce/employment type it may not always be feasible for all multi-employer scheme authorities to provide complete datasets categorising all employment types on request. However, where it is identified in the course of a future review that any additional scheme level analyses, including of individual workforce/employment types, is deemed warranted or necessary for the purposes of completing that review, it should be incumbent on the particular scheme responsible department to procure and supply the information required.

7. CONCLUSIONS AND RECOMMENDATIONS

FINDINGS OF THE 2022 REVIEW OF THE 2014 ACT

- 7.1 The 2022 review of the 2014 Act looked at relevant data collated by the Department of Finance in the period from the introduction of the pension reforms in April 2015 until the commencement of the 2022 review on 1 June 2022. Based on consideration of the data the 2022 review does not record any observed trends for change in public service pension scheme leaver behaviour which would currently indicate a direct and evidence-based correlation to effects of the 2014 Act.
- 7.2 In this regard the 2022 review reaffirms the 2016 findings that the effects of the statutory link between scheme pension age and SPA for public service workers are likely to become observable over a more sustained period and thus any attributable trend for change in leaver behaviour should be measurable in the medium to longer term.
- 7.3 The 2022 review group was encouraged that public service pension membership rates remained high and opt-out rates remain relatively low, indicating that scheme members recognise the benefits and relative value of public service pension provision in comparison to alternative options which may be available in the private sector.

Recommendations

- 7.4 Given the conclusions that any effects of the 2014 Act on leaver behaviour in the schemes is expected to be measurable over a sustained, longer term the Department of Finance should continue to collate and monitor the data already identified as relevant to the 2016 and 2022 reviews. This will enable subsequent reviews to monitor any emergent trends, which could be attributed to the effects of the 2014 Act. A further review should be conducted at a future date in accordance with the requirements of the Act and future scheduling arrangements should be taken forward at the CCWG.

TERMS OF REFERENCE

DEPARTMENT OF FINANCE (DoF) AND THE NORTHERN IRELAND COMMITTEE – IRISH CONGRESS OF TRADE UNIONS (NIC-ICTU) COLLECTIVE CONSULTATION SUB-GROUP FOR THE REVIEW OF THE IMPACT OF THE PUBLIC SERVICE PENSIONS ACT (NORTHERN IRELAND) 2014

1. Introduction

- 1.1. The Collective Consultation Biennial Review Sub-group provides an arena for engagement between Management Side and a composite representation of Trade Union Side, under the auspices of NIC-ICTU, for the purpose of the statutory review of the effects of the provisions of the Public Service Pensions Act (NI) 2014.

2. Background

- 2.1. Northern Ireland Public Service Pension Schemes introduced reformed pension schemes from 1 April 2015 in line with the provisions within the Public Service Pensions Act (Northern Ireland) 2014.
- 2.2. Section 10(9) of the Public Service Pensions Act (NI) 2014 requires that a review by DoF must be conducted into how the provisions in the Act affect persons set out in section 1(2).
- 2.3. The first review of the Act took place in 2016 and a report was laid in the NI Assembly on 20 October 2016.
- 2.4. These terms of reference set out the principle purpose of this sub-group to carry out the next review of the Act.

3. Purpose

- 3.1. The sub-group will provide a forum for consultation between Management Side and a composite representation of Trade Union Side, on process and content of the review into how the provisions of the Public Service Pensions Act (NI) 2014 affect persons set out in section 1(2) of the Act.

4. Scope

- 4.1. Management Side will provide timely, relevant and meaningful information to Trade Union Side to facilitate constructive and timely consultation on the review. The guiding principle will be to engage effectively and timeously with Trade Union Side representatives of employee groups impacted by the 2014 Act.

- 4.2. Section 10(9) of the Public Service Pensions Act (Northern Ireland) 2014 requires the Department of Finance to conduct the review at intervals of not less than every two years following commencement of section 10. Section 10 was commenced on 28 April 2014. The first review of the Act was conducted in 2016. The Department now proposes to formally commence the second review on 1 June 2022. The Act requires that a report of the review is laid before the Assembly on or before six months following commencement of the review. The Department proposes to lay the report on or before 30 November 2022.

- 4.3. The main matters within the scope and remit of this sub-group are attached at **Annex A**.

5. Membership

- 5.1. The sub-group will consist of not more than four members nominated by Management Side and four members nominated by Trade Union side, representing employees affected by the 2014 Act under the auspices of the composite Trade Union Side grouping of 'NIC-ICTU'.

- 5.2. The quorum for any meeting will be at least two representatives from each of Management Side and Trade Union Side.

- 5.3. Each side's representation in this sub-group should remain consistent through the course of the group's work. The Department of Finance may maintain a list of representatives.

6. Remuneration and expenses

- 6.1. No fees are payable in respect of work undertaken or meetings attended in connection with this sub-group.

- 6.2. Members of the Group, who are employed by one of the Northern Ireland Ministerial Departments, will be expected to claim any expenses incurred in the course of the business of this sub-group from their employer.

7. Contacts

7.1. Central contacts for communications shall be:

| | |
|--------------------|-------------------------------|
| Trade Unions Side: | As nominated by NIC-ICTU |
| Management Side: | Director of Pensions Division |

8. Support

8.1. Public Service Pensions Policy and Legislation Branch DoF will provide secretarial support. Responsibility to provide accommodation for meetings may alternate between Management Side and Trade Union Side. However due to current Covid precautions meetings may be held remotely via WebEx video conferencing. DoF will co-ordinate and issue of invites to meetings.

9. Meetings

9.1. Meetings will be jointly chaired by Dooley Harte, NIPSA and Colette Heaney, DoF, Director of Pensions Division. Meetings shall be held as considered necessary by the joint Chairs.

9.2. Minutes of proceedings will be prepared by the secretariat, and forwarded to Management Side and Trade Union Side contacts for consideration. The minutes shall be formally tabled for agreement at the next meeting of the sub-group.

9.3. The agenda for each meeting will be issued by DoF and agreed at the meeting of the sub-group.

Signed (Management Side)

Colette Heaney

Date 12 September 2022

Signed (Trade Union Side)

Dooley Harte

Date 12 September 2022

**Matters within the scope of the Collective Consultation Review Sub-group
Post Public Service Pensions Act (Northern Ireland) 2014**

1. Statutory biennial review of provisions of the Public Service Pensions Act (Northern Ireland) 2014.
2. Emerging public service policy issues, and public service data, as mutually agreed by the Group to be within its remit for the purposes of the review.

Relevant Datasets

- Age profile scheme members
- Gender breakdown
- Scheme-by-scheme pensioner mortality
- Workforce composition (grades/occupations)
- Average age of retirement
- Potential differences between deferred members and those who move straight into retirement from public service
- Age profile ill-health retirements
- Impact of severance schemes
- Use of flexible retirement
- Scheme opt outs

GLOSSARY OF TERMS

To assist understanding, a glossary of terms is provided below. It explains certain terms and references used:

Accrual: The rate at which pension benefits build up for the member e.g. 1\80th times pensionable pay for each year of membership.

Accrual rate: The rate, as a proportion of pensionable earnings, at which pension builds up for each year of membership.

Actuarial valuation: A report of the financial position of a defined benefit pension scheme carried out by an actuary every three or four years. The report typically sets out: the scheme's assets and liabilities as at the date of the valuation; the rate at which the sponsoring employer must contribute to meet the liabilities accruing as they become due; and the additional rate at which the employer must contribute to eradicate any deficit (the excess of liabilities over assets) within a stated time period.

Age profile: The process of counting and comparing the numbers of people in different age bands.

Average age of retirement: The most common age at which an employee leaves one's job and ceases to work.

Career Average Revalued Earnings (CARE): A defined benefit scheme in which pension benefits are based on a career average pay and length of membership in the Scheme and re-valued to retirement.

Directions: A legislative instruction given by the Department of Finance.

Final salary scheme: A defined benefit scheme that gives members a pension based on their final salary, the accrual rate and the period of service.

Ill health retirement: An employee, who cannot work any longer due to sickness, may be able to take their pension benefits early through ill health retirement.

Life expectancy: Life expectancy at a given age, x , is the average number of years that male or female aged x will live thereafter.

Normal Pension Age (NPA): The age at which benefits would come into payment in full, i.e., without actuarial adjustment. Normal Pension Age is linked to State Pension Age in the new 2015 scheme.

Pensionable pay: Pensionable pay is the earnings against which the scheme member and the employer will pay contributions and is the salary used to calculate the pension earned in any given year. For those in multiple employments, including those working more than full-time, the pensionable earnings from all employments can be taken into account in determining the members' benefits, subject to contributions being paid in respect of them.

Pensionable service: Pensionable service is the service against which the member's pension benefits will be calculated.

Pensioner: Members who are in receipt of a retirement pension. In addition, this will also include pensions payable to surviving adults and other dependants entitled to benefits in respect of deceased former members of the scheme.

Public Sector Pension Schemes: These comprise both public service pension schemes and other schemes in the wider public sector.

Reformed schemes: The new 2015 arrangements for the public service pension schemes in Northern Ireland whereby benefits will be determined on a career average basis, i.e. a percentage of the salary earned in each scheme year.

Remedy period: The period from 1 April 2015 – 31 March 2022.

Scheme member: A person who has contributed to the scheme and is an active member, deferred member or pensioner.

Scheme year: The period 1 April to 31 March.

Stakeholder: A stakeholder is anybody who can affect or is affected by an organisation, strategy or project. They can be internal or external and they can be at senior or junior levels.

State Pension Age (SPA): The age at which the State Pension would normally become payable.

Terms of reference: A Terms of Reference describes the purpose and structure of a project, committee, meeting, negotiation, or any similar collections of people who have agreed to work together to accomplish a shared goal.

Valuation: A report, carried out by the scheme actuary, of the financial position of a defined benefit pension scheme, which informs the contribution rates needed going forward.

Workforce: Workforce defines the makeup of an organisation's personnel.