

NORTHERN IRELAND JUDICIAL PENSION SCHEME

ANNUAL REPORT AND ACCOUNTS 2022-23

HC 1616



Department of
Justice

An Roinn Dlí agus Cirt
Máinnystrie O tha Laa

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NORTHERN IRELAND JUDICIAL PENSION SCHEME

ANNUAL REPORT AND ACCOUNTS 2022-23 For the year ended 31 March 2023

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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;
- Other 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.

Scheme closed to future accrual from 1 April 2022

The NIJPS closed to future accrual from 1 April 2022 as a result of a UK wide pension scheme for eligible members of the judiciary being set up under the *Public Service Pensions and Judicial Offices Act 2022*. From this date all active Scheme members became deferred members of the Scheme and also became members of the Judicial Pension Scheme (JPS) 2022 in respect of pension entitlements for service after 1 April 2022. The Lord Chancellor is the Scheme Manager for JPS 2022 and the Ministry of Justice is responsible for managing and administering the scheme on their behalf.

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 during the year was 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
Elaine Topping	Employer representative (from 4 April 2022)	Acting Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Mark Goodfellow	Employer representative (until 3 April 2022)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Vice President, Mrs Maxine Orr	Member representative (from 1 January 2023)	Vice President of the Industrial Tribunals and Fair Employment Tribunal	By Chair with Lady Chief Justice of Northern Ireland approval
His Honour Judge Geoffrey Miller KC	Member representative (until 31 December 2022)	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 during the year was 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
Elaine Topping	Employer representative (from 4 April 2022)	Acting Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Mark Goodfellow	Employer representative (until 3 April 2022)	Chief Operating Officer, Northern Ireland Courts and Tribunals Service	By Chair with Scheme Manager approval
Vice President, Mrs Maxine Orr	Member representative (from 1 January 2023)	Vice President of the Industrial Tribunals and Fair Employment Tribunal	By Chair with Lady Chief Justice of Northern Ireland approval
His Honour Judge Geoffrey Miller KC	Member representative (until 31 December 2022)	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

Following the closure of the Scheme to future accrual with effect from 1 April 2022, there were no member contributions receivable by the Scheme in 2022-23. Prior to the closure of the Scheme to future accrual, member contributions were set in regulations and resulted in the Scheme receiving an average member contribution yield of 6.6%. As there was no limit on the number of years of pension accrual under the Scheme, contributions were 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:

- maintained the existing member contribution rates for the financial year 2020-21 and each thereafter, until alternative provisions are made;
- uprated 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
- uprated 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 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 were calculated under an actual earnings approach. Under this approach, contributions were 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 and benefits

Following the closure of the Scheme to future accrual with effect from 1 April 2022, there were no employer contributions receivable in 2022-23. The employer contribution rate during 2021-22 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. With effective from 1 April 2022, the Scheme closed to future accrual and all active members became deferred members of the Scheme and also became members of the Judicial Pension Scheme (JPS) 2022 in respect of pension entitlements for service after 1 April 2022.

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.

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.

NIJPS closed to future accrual from 1 April 2022 as a result of a UK wide pension scheme for eligible members of the judiciary being set up under the *Public Service Pensions and Judicial Offices Act 2022*. DoF made the regulation specifying NIJPS as a restricted scheme on 25 August 2022 and it came into operation on 16 September 2022 - the *Public Service Pensions (Employer Cost Cap and Specified Restricted Scheme) Regulations (Northern Ireland) 2022*. DoJ were required to make an amendment to the 2015 regulations to reflect this. A consultation on draft regulations including removing the obligation to carry out an actuarial valuation of the Scheme was launched on 13 October 2022 and closed on 8 December 2022. No responses were received to this consultation. *The Judicial Pensions (Amendment) Regulations (Northern Ireland) 2023* were therefore made on 4 April 2023 and came into operation on 2 May 2023.

Work is ongoing by GAD on the actuarial valuation at 31 March 2020, however as the NIJPS is now closed the results of this valuation will apply to the new UK wide judicial pension scheme (JPS 2022).

Other key developments

Further technical amendments (which were consulted upon in October 2022) are required in relation to recognising service in the Fee Paid Judicial Pension Scheme, making changes to the rules on forfeiture, correcting the definition of index adjustment to ensure that the adjustment of the opening balance of a member's pension account is made using the index adjustment for the year it followed. These changes reflect changes that MoJ have already made to their 2015 scheme upon which the NIJPS is based. As outlined above the Regulations also remove the obligation to carry out actuarial valuations of the Scheme, which are no longer required as the Scheme is now closed to contributions after 1 April 2022. These Regulations, *The Judicial Pensions (Amendment) Regulations (Northern Ireland) 2023* were made on 4 April 2023 and will come into operation on 2 May 2023.

Regulations that form part of the McCloud remedy are also required and a consultation on these draft regulations ran from 20 January 2023 to 20 March 2023. It is intended that these Regulations will be made in due course and will replicate the Regulations that MoJ are making.

Future plans - machinery of government transfer to DoJ

On 1 April 2022 current members of NIJPS moved to the new UK wide 2022 judicial pension scheme managed by MoJ. All pension accruals in respect of service from 1 April 2022 are in accordance with the terms of the new MoJ scheme. NIJPS closed for future pension accrual from 1 April 2022 and active members became deferred members of the Scheme.

Given these changes, DoJ has determined that NIJPS expenditure details will now be included within the main DoJ Estimate for 2023-24 onwards. This means a separate Estimate is not required for NIJPS and consequently DoF will not issue an Accounts Direction for NIJPS to prepare separate Accounts. Instead, the assets and liabilities of NIJPS will transfer to the main DoJ Accounts with effect from 1 April 2023. As a result the last standalone Annual Report and Accounts for NIJPS will be for the 2022-23 financial year.

Membership statistics (movement in year)

Details of the membership of the Scheme are outlined below:

<u>Members</u>	<u>2022-23 Number</u>	<u>2021-22 Number</u>
Members at 1 April	55	56
<i>Add:</i>		
- New entrants	-	-
- Transfers in	-	-
<i>Less:</i>		
- Retirements	-	(1)
- Deaths in service	-	-
- Transfers out	-	-
Members at 31 March	<u>55</u>	<u>55</u>
<i>Of which:</i>		
Active members	-	55
Deferred members	55	-
Members at 31 March	<u>55</u>	<u>55</u>

There was also one pension in payment within the Scheme in both 2022-23 and 2021-22.

Employing departments

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

	Department for Communities Number	Department for the Economy Number	Department of Justice Number	2022-23 Total Number	2021-22 Total Number
Salaried members	2	6	1	9	9
Fee-paid members	40	6	-	46	46
Total	<u>42</u>	<u>12</u>	<u>1</u>	<u>55</u>	<u>55</u>
<i>Of which:</i>					
Active members	-	-	-	-	55
Deferred members	42	12	1	55	-
Total	<u>42</u>	<u>12</u>	<u>1</u>	<u>55</u>	<u>55</u>

Financial position

The financial statements show the income, expenditure, assets and liabilities for the Scheme. 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 2022-23:

Category of expenditure	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
	£000	£000	£000
Income	-	-	-
Current service cost	-	-	-
Past service credit	-	-	-
Interest	160	300	140
Net Resource Outturn	160	300	140

For the purposes of the Estimates, the key figures are based primarily on information provided by the Government Actuary's Department (GAD). 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 2022-23.

The assessed actuarial liability as at 31 March 2023 is £5.291m. This compares to the liability of £10.343m as at 31 March 2022. The liability has decreased primarily due to an increase in the discount rate (from -1.3% to +1.7%) and also, to a lesser extent, a reduction in expectations for future indexation (CPI inflation).

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 2023 are prepared on a going concern basis. The Statement of Financial Position as at 31 March 2023 shows net liabilities of £5.291 million (2021-22: £10.343 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 or Parliament 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.

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](#).

Names and addresses relevant to the Scheme

<p><u>Accounting Officer</u></p> <p>Richard Pengelly CB Department of Justice Block B Castle Buildings Stormont Estate Belfast BT4 3SG</p>	<p><u>Banking</u></p> <p>Danske Bank Donegall Square West Belfast BT1 6JS</p>
<p><u>Administrator</u></p> <p>XPS Administration Building Two Centre Square Middlesborough TS1 2BF</p>	<p><u>Legal adviser</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>Auditor</u></p> <p>Northern Ireland Audit Office 106 University Street Belfast BT7 1EU</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 2023, and the movement in the scheme liability over the year 2022-23, prepared in accordance with the requirements of Chapter 12 of the 2022-23 version of the *Financial Reporting Manual*.

The NIJPS is a defined benefit scheme providing pension and lump sum benefits on retirement, death and resignation. 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 2020 based on the data provided as at 31 March 2020 and rolling forward that liability to 31 March 2023.

Membership data

Table A summarises the principal membership data as at 31 March 2020 used to prepare this statement.

Table A - Active members

	Number of members	Average age	Actual pensionable pay* £000	Total accrued CARE pension £000
Male	21	52.0	830	68
Female	35	51.2	1,146	93
Total	56	51.5	1,976	161

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

Methodology

The present value of the liabilities as at 31 March 2023 has been determined using the Projected Unit Credit Method (PUCM), with the demographic and financial assumptions applying as at 31 March 2023.

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, although the assessment of liabilities includes pensions already in payment in respect of such cases.

Financial assumptions

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

Table B - Principal financial assumptions

Assumption	31 March 2023 per annum	31 March 2022 per annum
Nominal discount rate	4.15%	1.55%
Rate of increase in pensions in payment and deferred pensions (assuming CPI inflation)	2.40%	2.90%
Rate of general pay increases	3.65%	4.15%
Rate of short-term general pay increase	n/a	n/a
Real discount rate in excess of:		
• CPI inflation	1.70%	(1.30)%
• Long-term pay increases	0.50%	(2.50)%
Expected return on assets	n/a	n/a

The assessment of the liabilities allows for the known pension increases up to and including April 2023.

Demographic assumptions

Table C summarises the mortality assumptions adopted to prepare this statement, which were derived from the experience of the scheme membership, and other relevant sources. The table refers to the standard mortality tables prepared by the Continuous Mortality Investigation (part of the Actuarial Profession) known as the 'S3 tables with the percentage adjustments to those tables derived with reference to scheme experience.

Table C - Post-retirement mortality assumptions

Baseline mortality	Standard table	Adjustment
Males		
Retirements in normal health	S3NMA_L	97%
Current ill-health pensioners	S3NMA_L	97%
Future ill-health pensioners	S3NMA_L	97%
Dependants	S3NMA_L	97%
Females		
Retirements in normal health	S3NFA_L	93%
Current ill-health pensioners	S3NFA_L	93%
Future ill-health pensioners	S3NFA_L	93%
Dependants	S3NFA_L	93%

These assumptions in Table C above, and the other demographic assumptions such as commutation and family statistics, are in line with those recommended for the 2020 funding valuation of the main Judicial Pension scheme. Note that the accounts as at 31 March 2022 were based on the assumptions adopted for the 2016 valuation of the main Judicial Pension scheme. Mortality improvements are assumed to be in line with the 2020-based projections for the United Kingdom published by the ONS in December 2022. This is a different assumption to that used for the 2021-22 accounts.

Our advice on the selection of assumptions can be found in our assumptions and methodology report dated 7 March 2023.

Liabilities

Table D summarises the assessed value as at 31 March 2023 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 2022 and 2023 both include an allowance for the higher cost of benefits accruing under McCloud (Note 14.1).

Table D - Statement of Financial Position

	31 March 2023	31 March 2022
	£000	£000
Total market value of assets	nil	nil
Value of liabilities	5,291	10,343
Surplus/(Deficit)	(5,291)	(10,343)
of which recoverable by employers	n/a	n/a

Accruing costs

The cost of benefits accrued in the year ended 31 March 2023 (the current service cost) is assessed as nil due to the closure of the NIJPS from 1 April 2022.

I am not aware of any events that have led to a material settlement or curtailment gain or loss over 2022-23.

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 2023 of changes to the most significant actuarial assumptions.

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

Table E shows the indicative effects on the total liability as at 31 March 2023 of changes to these assumptions (rounded to the nearest 0.5%).

Table E - Sensitivity to significant assumptions

Change in assumption	Approximate effect on total liability	
	%	£000
Financial assumptions		
(i) discount rate*:	+0.5% p.a.	- 10.0
(ii) long-term earnings increase*	+0.5% p.a.	+ 4.0
(iii) pension increases*:	+0.5% p.a.	+ 10.5
Demographic assumptions		
(iv) additional 1 year increase in life expectancy at retirement	+ 3.0	+ 159

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

The discount rate sensitivity shown implies a scheme duration of approximately 22 years.

Covid-19 implications

As with the accounts last year, the 2022-23 Resource Accounts are being produced when the UK continues to deal with the impacts of 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 (2022) 08, dated 2 December 2022, 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 current population mortality projections make a short-term allowance for the impact of the Covid-19 pandemic. When deriving the ONS 2020-based mortality improvement projections, a panel of mortality experts gave their views on the impact of the Covid-19 pandemic on mortality rates in the short term. Based on this, short term adjustments were made to the 2019 to 2024 period to allow for estimated deaths in 2021 and an averaging of the experts' views on estimated improvements by age group over this period. Long term rates of future mortality improvement are not projected to change as a result of Covid-19. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain in future accounting periods. I expect that the long-term impact of the Covid-19 pandemic on life expectancy will continue to evolve as experience and evidence emerges into the future.

Kenneth Starr FIA

Actuary

Government Actuary's Department

5 May 2023

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.

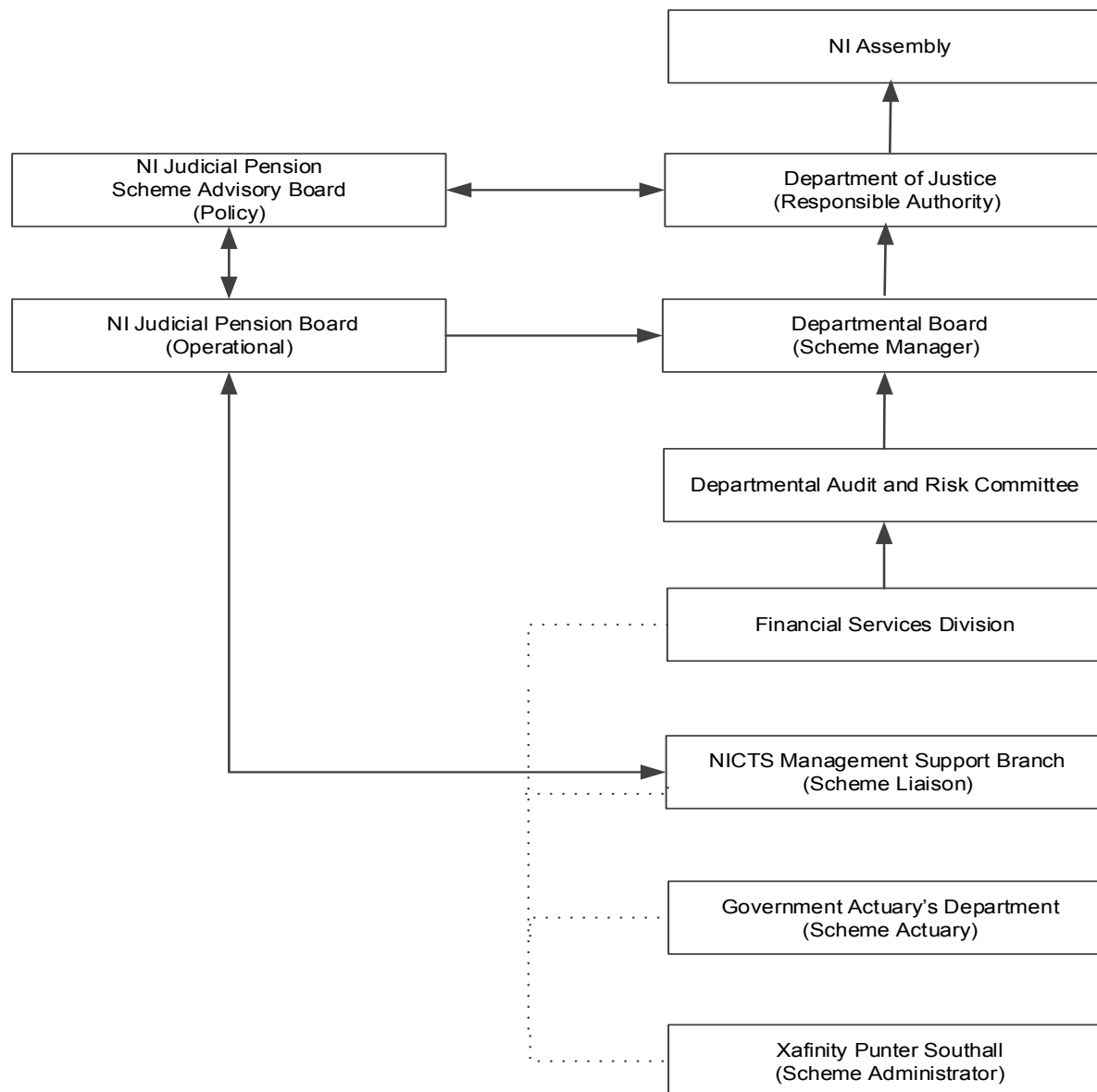
The Department of Finance has appointed the Permanent Head of the Department of Justice as Accounting Officer for the Northern Ireland Judicial Pension Scheme. The responsibilities of an Accounting Officer including responsibility for the propriety and regularity of the public finances for which an Accounting 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 audit 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 role of the Board is as set out previously in the Directors' Report. 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;
- monitoring and mitigating against Departmental risks;
- overseeing the management of the Department's resources including staff, information, physical and financial resources;
- programme and projects updates;
- update from the Procurement Board; and
- presentations from DoJ Agencies to provide an overview of services and specific challenges.

Attendance by members is shown below for the five meetings of the Board during 2022-23:

Position	Member	Attendance
Permanent Secretary	Richard Pengelly CB - Chair	5/5
Director, Access to Justice	Glyn Capper (until 3 July 2022)	1/1
	Maura Campbell (from 4 July 2022 until 31 October 2022)	0/1
	Sean Holland CBE (from 1 November 2022)	3/3
Director, Justice Delivery	Deborah Brown	5/5
Director, Reducing Offending	Ronnie Armour	5/5
Acting Director, Safer Communities	Mark Goodfellow (from 4 April 2022)	4/5
Acting Director, Northern Ireland Courts and Tribunals Service	Glyn Capper (from 4 July 2022)	3/4
Non-Executive Board Member	Colin Kennedy	5/5
Non-Executive Board Member	Dr Joanne McDowell	5/5

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 advice to the Departmental Management Board and Accounting Office on the systems that are in place to monitor risk management, internal controls and governance across the Department. 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 Board Member of the Departmental Board and membership is made up of three other members (two of which are Senior Civil Servants from other Civil Service Departments). Other DARC attendees may 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 during 2022-23 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;
- draft Departmental Annual Report and Accounts;
- audit qualification issues and recommendations from Public Accounts Committees and Value for Money reports; and
- information assurance risk management update.

Attendance by members is shown below for the four meetings of the Committee during 2022-23:

Position	Member	Attendance
Non-Executive Board Member	Colin Kennedy - Chair	4/4
Non-Executive Board Member	Dr Joanne McDowell - Deputy Chair	3/4
Independent Member	Brigitte Worth - Senior Civil Servant (Department of Health)	4/4
Independent Member	Graeme Wilkinson - Senior Civil Servant ((Department for the Economy) (until February 2023)	2/3

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 2022-23:

Position	Member	Attendance
Chair	Russell Agius	4/4
Employer representative	Elaine Topping (from 4 April 2022)	4/4
Member representative	Vice President, Mrs Maxine Orr (from 1 January 2023)	1/4
Member representative	His Honour Judge Geoffrey Miller KC (until 31 December 2022)	3/3
Independent Board Member	Susan Andrews	2/4

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.

No meetings of the Scheme Advisory Board were held in 2022-23 as all business was dealt with at the main Pension Board meetings.

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 May 2023 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/Data Protection Officer attends ex-officio, as his 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 Department'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.

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 Management 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.

The risks identified and monitored through the Corporate Risk Register during the year included:

- Budget;
- Capability and Capacity;
- Collaboration;
- Community Expectations;
- Cost of Living Crisis;
- Business Continuity;
- Absence of an Executive; and
- Climate Change Actions.

The Corporate Risk Register continues to be reviewed regularly by the Departmental Board, with an update also routinely provided at Departmental Audit and Risk Committee meetings. In addition to the Risk Register, an Issues log was also maintained during the course of this year, to capture live issues the Department is currently managing.

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 (and Agencies) that includes:

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

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.

4. Budget position

The *Northern Ireland Budget Act 2023* was passed by Parliament and received Royal Assent on 8 February 2023 which authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

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 2022-23 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 (FReM)* 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 capital purposes) 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 and corresponding Act of the Assembly, 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 SOAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are compiled on an accruals basis and so Outturn will not exactly reconcile to cash spent) and administration.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (SOAS 1); a reconciliation of Outturn to Net Expenditure in the SoCNE, to tie the SOAS to the financial statements (SOAS 2); a reconciliation of Net Resource Outturn to Net Cash Requirement (SOAS 3); and an analysis of income payable to the Consolidated Fund (SOAS 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 42 to 56 form part of these Accounts.

Summary of Resource and Capital Outturn 2022-23 - all figures presented in £000

Type of spend	Note	Outturn			Estimate			2022-23 Outturn vs Estimate (including Virements) saving/ (excess)		2021-22
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Outturn
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit (DEL)										
- Resource	SOAS 1.1	-	-	-	-	-	-	-	-	-
- Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total DEL		-	-	-	-	-	-	-	-	-
Annually Managed Expenditure (AME)										
- Resource	SOAS 1.1	160	-	160	300	-	300	140	140	842
- Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total AME		160	-	160	300	-	300	140	140	842
Total Budget										
- Resource	SOAS 1.1	160	-	160	300	-	300	140	140	842
- Capital	SOAS 1.2	-	-	-	-	-	-	-	-	-
Total Budget Expenditure		160	-	160	300	-	300	140	140	842
Non-Budget Expenditure		-	-	-	-	-	-	-	-	-
Total Budget and Non-Budget		160	-	160	300	-	300	140	140	842

Figures in the areas outlined in bold are Voted totals subject to Assembly control.

The notes on pages 42 to 56 form part of these Accounts.

Net Cash Requirement 2022-23 - all figures presented in £000

<u>Type of spend</u>		2022-23		2021-22	
		Outturn	Estimate	Outturn vs Estimate (including Virements) saving/ (excess)	Outturn
		Total	Total	Total	Total
	Note	£000	£000	£000	£000
Net Cash Requirement	SOAS 3	8	500	492	-

Figures in the areas outlined in bold are Voted totals subject to Assembly control.

Administration Costs 2022-23 - all figures presented in £000

<u>Type of spend</u>		2022-23		2021-22	
		Outturn	Estimate	Outturn vs Estimate (including Virements) saving/ (excess)	Outturn
		Total	Total	Total	Total
	Note	£000	£000	£000	£000
Administration costs	SOAS 1.1	-	-	-	-

The notes on pages 42 to 56 form part of these Accounts.

Notes to the Statement of Outturn against Assembly Supply 2022-23 - all figures presented in £000

SOAS 1 Outturn detail by Estimate line

SOAS 1.1 Analysis of Resource Outturn detail by Estimate line

<u>Type of spend</u>	Outturn*						Estimate	2022-23			2021-22			
								Total	Virement	Total including Virement	Outturn vs Estimate (including Virement) saving/ (excess)	Outturn		
	Administration			Programme							Total		Total	Total
	Gross	Income	Net	Gross	Income	Net					Total		Total	Total
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<u>Spending in Departmental Expenditure Limit (DEL)</u>														
Total Voted DEL	-	-	-	-	-	-	-	-	-	-	-	-		
Total Non-Voted DEL	-	-	-	-	-	-	-	-	-	-	-	-		
Total Resource spending in DEL	-	-	-	-	-	-	-	-	-	-	-	-		
<u>Spending in Annually Managed Expenditure (AME)</u>														
Total Voted AME	-	-	-	160	-	160	160	300	-	300	140	842		
Total Non-Voted AME	-	-	-	-	-	-	-	-	-	-	-	-		
Total Resource spending in AME	-	-	-	160	-	160	160	300	-	300	140	842		
Total Non-Budget	-	-	-	-	-	-	-	-	-	-	-	-		
Total Resource	-	-	-	160	-	160	160	300	-	300	140	842		

The notes on pages 42 to 56 form part of these Accounts.

SOAS 1.2 Analysis of Capital Outturn detail by Estimate line

<u>Type of spend</u>	Outturn*			Estimate			2022-23	2021-22
	Gross	Income	Net Total	Total	Virement	Total including virement	Outturn vs Estimate (including Virement) saving/ (excess)	Outturn
							Total	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<u>Spending in Departmental Expenditure Limit (DEL) (continued)</u>								
Total Voted DEL	-	-	-	-	-	-	-	-
Total Non-Voted DEL	-	-	-	-	-	-	-	-
Total Capital spending in DEL	-	-	-	-	-	-	-	-
<u>Spending in Annually Managed Expenditure (AME)</u>								
Total Voted AME	-	-	-	-	-	-	-	-
Total Non-Voted AME	-	-	-	-	-	-	-	-
Total Capital spending in AME	-	-	-	-	-	-	-	-
Total Capital	-	-	-	-	-	-	-	-

Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

The notes on pages 42 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 Northern Ireland 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. In the event that no Executive is in place, then the Secretary of State for Northern Ireland may act to set the budget for the Northern Ireland departments.

DEL budgets are classified into resource and capital:

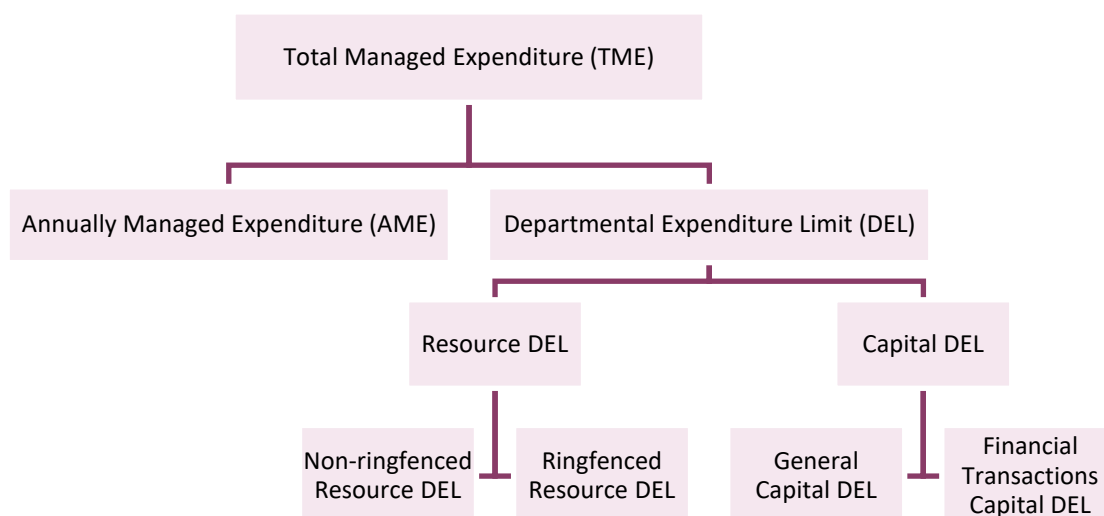
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets; and
- Capital DEL is split into 'financial transactions' for loans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

Further detail on the Budgeting Framework can be found in the [Consolidated Budgeting Guidance](#) published by HM Treasury.

Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, has helped to address these differences and improve transparency. Further information on the Executive's Review of Financial Process can be found on the Northern Ireland Assembly website.

The notes on pages 42 to 56 form part of these Accounts.

Budget structure



Budgetary performance

The table below summarises the Outturn and Estimate position for 2022-23:

Category of expenditure	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
	£000	£000	£000
<u>Resource</u>			
Voted DEL	-	-	-
Non Voted DEL	-	-	-
Resource DEL	-	-	-
Voted AME	160	300	140
Non Voted AME	-	-	-
Resource AME	160	300	140
Non-budget expenditure	-	-	-
Total Resource	160	300	140
<u>Capital</u>			
Voted DEL	-	-	-
Total Capital	-	-	-
Total Budget and Non-Budget	160	300	140

A prudent approach was adopted by the Scheme in terms of including headroom cover in the Estimate for 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 42 to 56 form part of these Accounts.

SOAS 2 Reconciliation of Outturn to Net Expenditure

		2021-22	2020-21
		Outturn	Outturn
	Note	£000	£000
Total Resource Outturn in Statement of Outturn against Assembly Supply			
Total DEL	SOAS 1.1	-	-
Total AME	SOAS 1.1	160	842
Total Non-Budget	SOAS 1.1	-	-
Net Expenditure in Consolidated Statement of Comprehensive Net		160	842

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 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

		Outturn	Estimate	Outturn vs Estimate saving/ (excess)
	Note	£000	£000	£000
Resource Outturn	SOAS	160	300	140
Capital Outturn	SOAS	-	-	-
Adjustments to remove non-cash items:				
New provisions and adjustments to previous provisions	9	(160)	(300)	(140)
Adjustments to reflect movements in working balances:				
Increase/(decrease) in receivables	11	(1,116)	-	1,116
(Increase)/decrease in payables	13	1,115	-	(1,115)
Use of pension provisions	14.4	8	500	492
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 4	1	-	(1)
		(152)	200	352
Removal of Non-Voted budget items		-	-	-
Net Cash Requirement		8	500	492

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 42 to 56 form part of these Accounts.

SOAS 4 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*).

	2022-23		2021-22	
	Accruals	Cash basis	Accruals	Cash basis
	£000	£000	£000	£000
Income outside the ambit of the Estimate (Resource)	-	-	-	-
Income outside the ambit of the Estimate (Capital)	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	1	71	1,149	1,116
Total Amount Payable to the Consolidated Fund	1	71	1,149	1,116

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES**Losses and special payments**

There were no losses or special payments during 2022-23 (2021-22: 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


Richard Pengelly CB
Accounting Officer

26 June 2023

The notes on pages 42 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 for the year ended 31 March 2023 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise the Statements of Comprehensive Net Expenditure, Financial Position, Changes in Taxpayers' Equity, Cash Flows and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the 2022-23 Government Financial Reporting Manual (FRoM) issued by the Department of Finance.

I have also audited the Statement of Outturn against Assembly Supply and related notes, as well as the losses and special payments information in the Other Assembly Accountability Disclosures report.

In my opinion the financial statements:

- give a true and fair view of the state of the scheme's affairs as at 31 March 2023 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,

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2023 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 and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, 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 the Northern Ireland Judicial Pension 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 Northern Ireland Judicial Pension 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, the Statement of Outturn against Assembly Supply and related notes, the losses and special payments information in the Other Assembly Accountability Disclosures report and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. 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 Northern Ireland Judicial Pension Scheme and its environment obtained in the course of the audit, I have not identified material misstatements in the Accountability Report.

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 and the parts of the Accountability Report to be audited 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 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Northern Ireland Judicial Pension 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 Northern Ireland Pension 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 regulations, including fraud.

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Judicial Pension Scheme through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on Northern Ireland Judicial Pension 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 Northern Ireland Judicial Pension 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 the 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; and

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

- 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 Combined Statement of Financial Position to ensure items are accurately classified for net cash requirement calculation purposes.

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 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.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU
30 June 2023

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure**

For the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
<u>Income</u>			
Contributions receivable	3	-	(1,183)
Transfers in	4	-	-
Other pension income	5	-	-
<u>Expenditure</u>			
Service cost	6	-	1,920
Enhancements	7	-	-
Transfers in	8	-	-
Pension financing cost	9	160	105
Net expenditure	SOAS 1	160	842
Other comprehensive net expenditure:			
Pension re-measurements - actuarial (gain)/loss	14.7	(5,204)	892
Comprehensive net (income)/expenditure for the year		(5,044)	1,734

The notes on pages 42 to 56 form part of these Accounts.

Statement of Financial Position

As at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000
Current assets			
Receivables	11	70	1,186
Cash and cash equivalents	12	1	-
Total current assets		71	1,186
Current liabilities			
Payables	13	(71)	(1,186)
Total current liabilities		(71)	(1,186)
Net current assets/(liabilities) excluding pension liability		-	-
Pension liability	14.2	(5,291)	(10,343)
Net liabilities including pension liability		(5,291)	(10,343)
Taxpayers' equity			
General fund		(5,291)	(10,343)
Total taxpayers' equity		(5,291)	(10,343)



Richard Pengelly CB
Accounting Officer

26 June 2023

The notes on pages 42 to 56 form part of these Accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

	Note	General Fund 2022-23 £000	General Fund 2021-22 £000
Balance at 1 April		(10,343)	(7,460)
Supply receivable adjustment		8	-
CFERs payable to the Consolidated Fund		-	(1,149)
Net expenditure for the year		(160)	(842)
Actuarial gain/(loss)	14.7	5,204	(892)
Net change in Taxpayers' Equity		5,052	(2,883)
Balance at 31 March		(5,291)	(10,343)

The notes on pages 42 to 56 form part of these Accounts.

Statement of Cash Flows

For the year ended 31 March 2023

	Note	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net expenditure for the year		(160)	(842)
Adjustment for non-cash transactions		-	-
Decrease/(increase) in receivables	11	1,116	(309)
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	11	8	-
Increase/(decrease) in payables - pensions		-	-
(Decrease)/increase in payables - other payables	13	(1,115)	309
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	13	1,115	(325)
Increase in pension provision	14.4	160	2,025
Use of provisions	14.4	(8)	(34)
Net cash inflow from operating activities		1,116	824
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		1,116	824
Receipts due to the Consolidated Fund which are outside the scope of the Scheme's activities		1	-
Payments of amounts due to the Consolidated Fund	13	(1,116)	(824)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	12	1	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	12	1	-

The notes on pages 42 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 2022-23 *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, amongst other things, the factors contributing to the change in the net liability analysed between the pension cost, enhancements and transfers in, 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 2023 shows net liabilities of £5.291 million (2021-22: £10.343 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 2022-23.

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 2023 being 1.70% 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 utilising membership data as at 31 March 2020 and demographic assumptions in line with those recommended for the 2020 funding valuation as at 31 March 2020. Membership data has subsequently been rolled forward using cashflows as a proxy for membership movements through to 31 March 2023. The latest valuation is currently in progress but results are not yet available. This approach is reasonable but introduces some degree of uncertainty. It should therefore be recognised that the results may differ from those that would emerge following an actuarial valuation based on full membership data as at 31 March 2023. However, this approach is anticipated by the *FReM* and GAD is satisfied that the data provided and the approach taken to rolling forward the 31 March 2020 liability calculations are suitably rigorous to ensure that the assessed liability as at 31 March 2023 is sufficiently accurate for the purposes of the actuarial report.

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 2022-23 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 the adoption of these standards, interpretations and amendments that became effective during 2022-23 has not had a significant impact on the financial position or results of the Scheme accounts. Additionally, the Scheme has reviewed the additional or revised accounting standards and new (or amendments to) interpretations that are due to come into effect in future years and concludes that these are not expected to have a significant impact on the Scheme accounts going forward.

3. Contributions receivable

	2022-23	2021-22
	£000	£000
Employers:		
- Normal	-	1,047
Members:		
- Normal	-	136
- Purchase of added years	-	-
	<u>-</u>	<u>1,183</u>

No contributions were paid to the Scheme in 2022-23 as the Scheme closed to future accrual with effect from 1 April 2022.

4. Transfers in

	2022-23	2021-22
	£000	£000
Group transfers in from other schemes	-	-
Individual transfers in from other schemes	-	-
	<u>-</u>	<u>-</u>

5. Other pension income

	2022-23	2021-22
	£000	£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	-	-
	<u>-</u>	<u>-</u>

6. Service cost

	Note	2022-23 £000	2021-22 £000
Current service cost	14.4	-	1,938
Past service (credit)	14.4	-	(18)
		<u>-</u>	<u>1,920</u>

The past service costs in 2021-22 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

	2022-23 £000	2021-22 £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	-	-
	<u>-</u>	<u>-</u>

8. Transfers in - additional liability

	2022-23 £000	2021-22 £000
Group transfers in from other schemes	-	-
Individual transfers in from other schemes	-	-
	<u>-</u>	<u>-</u>

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	2022-23 £000	2021-22 £000
Net interest on defined benefit liability	14.4	160	105
		<u>160</u>	<u>105</u>

10. Additional Voluntary Contributions (AVCs)

There were no AVCs during 2022-23 or 2021-22.

11. Receivables - contributions due in respect of pensions

	2022-23 £000	2021-22 £000
Amounts falling due within one year:		
Pension contributions due from employers	-	62
Members' normal contributions	-	8
Amount due from Ministry of Justice	62	1,115
Other receivables	-	1
Amount due from the Consolidated Fund in respect of supply	8	-
Amounts falling due within one year	<u>70</u>	<u>1,186</u>
Amounts falling due after more than one year	-	-
Total receivables	<u>70</u>	<u>1,186</u>

Included within these figures is £0.070 million (2021-22: £1.186 million) that will be due to the Consolidated Fund once the debts are collected.

12. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	-	-
Net change in cash balances	1	-
Balance at 31 March	<u>1</u>	<u>-</u>
The following balances at 31 March were held at:		
NI banking pool	1	-
Balance at 31 March	<u>1</u>	<u>-</u>

13. Payables - in respect of pensions

	2022-23	2021-22
	£000	£000
Amounts falling due within one year:		
Other payables	-	-
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	71	1,116
- Receivable	-	70
Amounts falling due within one year	71	1,186
Amounts falling due after more than one year	-	-
Total payables	71	1,186

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 2023. 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.

14.1 Assumptions underpinning the pension liability (continued)

The key assumptions used by the actuary were:

Financial assumptions:

At 31 March:	2023	2022	2021	2020	2019
Nominal discount rate	4.15%	1.55%	1.25%	1.80%	2.90%
Rate of increase in pensions in payment and deferred pensions (assuming CPI inflation)	2.40%	2.90%	2.22%	2.35%	2.60%
Rate of general pay increases	3.65%	4.15%	3.72%	4.10%	4.10%
Real discount rate in excess of CPI inflation	1.70%	(1.30)%	(0.95)%	(0.50)%	0.29%

Post-retirement mortality assumptions:

Baseline mortality	Standard table	Adjustment
Males		
Retirements in normal health	S3NMA_L	97%
Current ill-health pensioners	S3NMA_L	97%
Future ill-health pensioners	S3NMA_L	97%
Dependants	S3NMA_L	97%
Females		
Retirements in normal health	S3NFA_L	93%
Current ill-health pensioners	S3NFA_L	93%
Future ill-health pensioners	S3NFA_L	93%
Dependants	S3NFA_L	93%

Life expectancies*:

At 31 March:	2023	2022	2021	2020	2019
	Years	Years	Years	Years	Years
Life expectancy at age 65 - current pensioners					
Men	23.7	24.0	23.9	23.8	24.7
Women	25.4	25.7	25.7	25.6	26.4
Life expectancy at age 65 - current age 45					
Men	25.2	25.6	25.5	25.4	26.6
Women	26.8	27.3	27.2	27.2	28.3

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

14.1 Assumptions underpinning the pension liability (continued)

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 biggest 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.

14.2 Analysis of the pension liability

Present value of the actuarial liability in respect of:

	2022-23 £000	2021-22 £000
Active members (past service)	-	10,159
Deferred members	5,141	-
Pensions in payment	150	184
Total liabilities	5,291	10,343

The NIJPS closed to future accrual from 1 April 2022 as a result of a UK wide pension scheme for eligible members of the judiciary being set up under the *Public Service Pensions and Judicial Offices Act 2022*. From this date all active Scheme members became deferred members of the Scheme.

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 increases 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

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 assumption 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. 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	- 10.0	- 529
(ii) (long-term) earnings increase*:	+0.5% a year	+ 4.0	+ 212
(iii) pension increases*:	+0.5% a year	+ 10.5	+ 556
Demographic assumptions			
(iv) additional 1 year increase in life expectancy at retirement		+ 3.0	+ 159

* *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	2022-23 £000	2021-22 £000
Scheme liability at 1 April		10,343	7,460
Current service cost	6	-	1,938
Past service (credit)	6	-	(18)
Pension financing cost	9	160	105
Enhancements	7	-	-
Pension transfers in	4	-	-
Benefits payable	14.5	(8)	(34)
Actuarial loss	14.7	(5,204)	892
Scheme liability at 31 March		5,291	10,343

The cumulative past service costs in respect of the McCloud ruling amounted to £0.624 million at 31 March 2023 (2021-22: £0.624 million) which represents 11.8% of the total Scheme liability (2021-22: 6.04%).

Contribution rates:

No contributions were paid to the Scheme in 2022-23 as the Scheme closed to future accrual with effect from 1 April 2022. For the year 2021-22, the employer and member contributions as a percentage of pensionable pay were 51.1% and 6.6% respectively.

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

	2022-23 £000	2021-22 £000
Pensions or annuities to retired members and dependants (net of recoveries or overpayments)	8	6
Lump sum benefits on retirement	-	28
Total benefits paid	8	34

14.6 Analysis of payments to and on account of leavers

	2022-23 £000	2021-22 £000
Refunds to members leaving service	-	-
Individual transfers to other schemes	-	-
Total payments to and on account of leavers	-	-

14.7 Analysis of actuarial gain/(loss)

	2022-23	2021-22
	£000	£000
Experience (loss)/gain arising on the Scheme liabilities	(354)	84
Changes in assumptions underlying the present value of Scheme liabilities	5,558	(976)
Total actuarial gain/(loss)	5,204	(892)

The £5.558m gain arising for change in assumptions is primarily due to changes in financial assumptions (gain of £5.199m) underlying the present value of pension liability which is attributable to the increase of 2.6% in the discount rate assumption and the reduction of 0.5% in the CPI assumption.

14.8 History of experience gains/(losses)

	2022-23	2021-22	2020-21	2019-20	2018-19
Experience gains/(losses) arising on the Scheme liabilities:					
- Amount (£ thousand)	(354)	84	30	(258)	1
- Percentage of the present value of the Scheme liabilities	(6.7)%	0.8%	0.4%	(4.8)%	0.0%
Total amount recognised in Statement of Changes in Tax Payers Equity:					
- Amount (£ thousand)	5,204	(892)	(741)	(1,153)	103
- Percentage of the present value of the Scheme liabilities	98.4%	(8.6)%	(9.9)%	(21.3)%	2.8%

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 legal judgment

When new public service schemes were introduced in 2015, transitional protection allowed older workers to continue building pension in the legacy schemes while younger workers were moved into the 2015 schemes. Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the judiciary in the McCloud/Sargeant legal case (referred herein as "McCloud") 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.

Primary legislation (the *Public Service Pensions and Judicial Offices Act 2022*) has been introduced to remedy the discrimination identified by McCloud. Under the legislation, all members within each of the main public service pension schemes were moved into the 2015 schemes on 1 April 2022 irrespective of age. To remove the discriminatory effect of transitional protection, eligible members will be offered a choice over the set of benefits (legacy scheme or 2015 scheme) they wish to receive for any pensionable service during the period 1 April 2015 to 31 March 2022.

The treatment of the deferred choice underpin as a member cost for cost cap purposes, along with the four year spreading period, was challenged in a Judicial Review which was heard in early 2023. The claims made in the Judicial Review were dismissed by the High Court, in a judgment handed down on 10 March 2023. No allowance has therefore been made in the accounting disclosures as at 31 March 2023.

Past service costs were included in the 2018-19 and 2019-20 accounts, and subsequently the 2020-21 and 2021-22 service costs, to make allowance for the higher expected cost of accrual under McCloud. These costs covered the cost of providing higher pension benefits and refunding overpaid contributions. However, liabilities in respect of remedies for McCloud are highly uncertain. The GAD calculations depend on still developing data, methodology and policy and changes in these areas may have a material impact on GAD's assessment of the liabilities.

The pension liability as at 31 March 2023 includes provision for management's best estimate of the expected costs to implement the remedy based on information currently available. Should there be any further change to the estimated outcome, 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 30 June 2023.

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