

# Local Government Pension Scheme (Northern Ireland) 2014

## Consultation response submitted by the Commissioner for Older People for Northern Ireland

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**Written evidence submitted by the Commissioner for Older People**  
**for Northern Ireland**

## **Summary and Recommendations**

The Commissioner for Older People for Northern Ireland (the “Commissioner”) welcomes the proposals to seek to make the local Government Pension Scheme more sustainable in the light of increasing longevity and to increase choice and flexibility in how the system will work.

Any pension reform should not be considered in a vacuum and the overall objective should be continued support for reducing pensioner poverty. In Northern Ireland, 21% pensioners live in poverty, compared to 16% of pensioners in Great Britain<sup>1</sup>.

Older people will be impacted by issues arising in the proposed changes to the provision of these services. The Commissioner is of the view that any proposals for pension reform should, therefore, ensure the full participation of older people including those whose voices are traditionally not heard and should monitor the equality and human rights impact of its proposals on older people.

## **Introduction**

1. The office of the Commissioner for Older People for Northern Ireland is an independent public body established under the Commissioner for Older People Act (Northern Ireland) 2011.
2. The Commissioner has an extensive range of general powers and duties which will provide the statutory remit for the exercise of her functions. In addition the Commissioner may provide advice or information on any matter concerning the interests of older people. Her wide ranging legal powers and duties include amongst others:
  - To promote and safeguard the interests of older people (defined as being those aged over 60 years and in exceptional cases, those aged over 50 years);
  - To keep under review the adequacy and effectiveness of law and practice relating to the interests of older people;

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<sup>1</sup> MacInnes, T, Aldrige H, Kenway, P: “Monitoring poverty and social exclusion in Northern Ireland 2012”. Joseph Rowntree Foundation. York

- To keep under review the adequacy and effectiveness of services provided for older persons by relevant authorities (defined as being local councils and organisations including health and social care trusts, education boards and private and public residential care homes);
  - To promote the provision of opportunities for and the elimination of discrimination against older persons;
  - To review and where appropriate, investigate advocacy, complaint, inspection and whistle-blowing arrangements of relevant authorities;
  - To assist with complaints to and against relevant authorities;
  - The power to bring, intervene in or assist in legal proceedings in respect of relevant authorities;
  - To issue guidance and make representations about any matter concerning the interests of older people.
3. The Commissioner's powers and duties are underpinned by the United Nations Principles for Older Persons (1991) which include Independence, Participation, Care, Self-fulfilment and Dignity.
  4. The Commissioner welcomes the opportunity to comment to the Department of the Environment on the proposed scheme design for the Local Government Pension Scheme (Northern Ireland) 2014 and its associated draft regulations.

### **Career Average Re-evaluated Earnings Scheme**

5. The scheme proposes a change from a final salary scheme to a career re-evaluated earnings (CARE) scheme. The Commissioner notes that in principle, a CARE scheme may be better suited to a mixed type of workforce particularly with a high proportion of part time staff, where a significant portion of staff work variable hours and where opportunity for promotion is limited.
6. Communication of any change in scheme type will require to be well organised with clarity of message explaining what is being changed and how this will affect scheme members in practical terms.
7. Clear explanatory literature should be provided at the earliest point together with availability for support to individuals requiring assistance with understanding how they will be impacted by the changes.

### **Transition**

8. Transitional protections and clarification of the position for those affected by these is crucial. The communication of these changes will require careful planning by the Government. Steps need to be taken to ensure clear communication of the changes to ensure all people and particularly older people will have sufficient information to inform their understanding of such impending changes. The Commissioner would

welcome assurances from the Government that plans are in place to ensure a smooth transition.

### **Contribution Flexibility**

9. The Commissioner welcomes the 50/50 option which is designed as a short-term alternative to opting out of the pension scheme entirely. Members would be able to elect for the 50/50 option and from the next pay period their contributions would be halved. Employer contributions will remain at full level while a member is in the 50/50 option.
10. As drafted, the proposals allow for members who have elected to take the 50/50 option to be regularly automatically enrolled back into the main scheme under automatic enrolment but may elect to rejoin the 50/50 option if they wish. Communication of this new process needs to be clearly understood by all scheme members- both current and new.

### **Contribution Rate**

11. The contribution rate for members will be determined according to the member's pensionable pay. This means that for members working part time, the contribution rate will be based on actual pay and not the full time salary for the job. This is fairer and clearer.

### **Normal Pension Age**

12. The Commissioner notes that the Northern Ireland Executive has agreed to link the normal retirement age for members of public sector pension schemes to State Pension Age. The proposal is that under the new scheme, normal retirement age would be equal to the member's State Pension Age or age 65, whichever is the higher.
13. Members of the current scheme will retain the link to final salary and the normal pension age of 65 for pension that has been built up before 1 April 2014. It is important that the new proposals do not adversely affect those who have longevity in the public sector, however it is noted that the early retirement request option has not been changed in the new proposed scheme.

### **Underpin**

14. It is important that those members closest to retirement must not be adversely impacted by the changes where they would not now be able to reach minimum qualifying years. The Commissioner notes that as proposed, members within ten years of retirement at 1 April 2012 will have an underpin ie. they will receive a

pension at least equal to that which they would have received under the pre- 2014 Scheme.

15. Greater clarity is required as to exactly how this would be calculated and communicated to impacted individuals.

### **Equality Impact**

16. A full equality screening impact assessment will be required to be carried out to ensure the scheme design fully meets all legislative equality requirements in both effect and intent and that the ultimate outputs are affordable, sustainable, transparent and fair.

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