



HSC Pension Service

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Business Services Organisation

EMPLOYER TECHNICAL UPDATE

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1. Foreword

This Employer Technical Update (ETU) provides an update on the recent consultations launched by the Department of Health (DoH) relating to changes to the HSC Pension Scheme regulations.

The principal change has been the introduction of the McCloud Remedy Regulations which were made on 23rd March 2022 and come into operation on 1st April 2022. This change will see all active members accrue benefits in the Reformed 2015 Scheme from 1st April 2022.

It has also been confirmed that the suspension of the Abatement and 16 Hour Per Week Rule, introduced under the Coronavirus Act 2020 will be extended to October 2022.

Following the outcome of the recent consultation on the review of member contributions to be introduced from 1st April 2022 the DoH have confirmed that the member contribution rates will not change before October 2022.

A consultation to address discrimination in the current Regulations as identified by a number of court judgements / tribunal rulings relating to survivors benefits payable from the HSC Pension Scheme closed on 31st March 2022. This was sometimes referred to as the Goodwin Case, when further information becomes available on the outcome of this consultation HSC Pension Service will update members, employers and other stakeholders accordingly.

2. McCloud Remedy Consultation & Regulations

From 1st April 2022 The Health and Social Care Pension Schemes (Amendment) Regulations (Northern Ireland) 2022 came into operation.

The regulations facilitate the closure of the 1995/2008 sections of HSC Pension Scheme (the 'legacy scheme') to future accrual from 1st April 2022 and the movement of all active members into the 2015 HSC Pension Scheme (the 'new scheme') from that date.

Whilst the 2015 HSC Pension Scheme is a career average scheme, the 'final salary link' is also protected. This means that all the accrual in a final salary legacy scheme will be calculated in relation to a member's final salary when they retire or otherwise leave the scheme, regardless of how many years' service was spent in the new scheme, and not their salary at the point when they left the legacy scheme.

The draft regulations were consulted on as the Bill was going through Parliament. This was to ensure that, upon the Bill becoming an Act of Parliament, the necessary scheme regulation changes could be made for 1st April 2022. Implementation of the second part of the remedy also requires changes to scheme regulations. A further set of draft regulations is under development and will be consulted on separately in 2022.

Further information on the McCloud Remedy Consultation and access to the Regulations can be found at [DOH Consultations – HSC Pension Service \(hscni.net\)](https://www.hscni.net/DOH-Consultations-HSC-Pension-Service)

HSC Pension Service also provides a dedicated page on the scheme website to assist members understand the implications of the McCloud Remedy. This can be found at [McCloud Remedy – HSC Pension Service \(hscni.net\)](https://www.hscni.net/McCloud-Remedy-HSC-Pension-Service)

Action for Employers

Provide members and other stakeholders with a link to the McCloud Remedy Resource at [McCloud Remedy – HSC Pension Service \(hscni.net\)](https://www.hscni.net/McCloud-Remedy-HSC-Pension-Service)



3. Suspension of Abatement of Pension & 16 Hr Per Week Rule

The suspension of the abatement rules which was due to expire on the 24th March has been extended to the 31st October 2022

These temporary changes to legislation basically mean;

1. The 16 hours per week rule is omitted. There is no requirement for retiree's returning to HSC Employment to restrict their hours of work to 16 per week in the first month after retirement.
2. The limit on earnings normally imposed on Special Class Nursing Staff or Mental Health Officers who retire from age 55 onwards and subsequently return to HSC Employment before age 60 has been suspended.

These amendments will remain in place until 31st October 2022 and if and when there is a change in legislation HSC Pension Service will notify employers immediately.

Action for Employers:

Ensure all relevant staff/affected members are aware of the temporary changes in legislation.

4. Amendment to Member Contributions

The DOH recently carried out a consultation exercise which sought views on changes to member contributions with effect from 1 April 2022. The proposals set out in that consultation aim to preserve participation in the scheme while protecting its substantial value for members in retirement.

The consultation document set out a number of proposals:

- Members' contribution rates would be based on actual pensionable pay instead of members' notional whole-time equivalent pay
- Rebalancing the contribution structure by narrowing the range of contribution rates.
- Increasing tier boundaries in line with annual AfC pay awards
- Phasing in the new member contribution structure over 2 years

DHSC in England has recently announced that the reform of their pension contribution structure will be delayed until October 2022. This delay will avoid increasing some members' pension contributions at the same time as increases to National Insurance contributions are being applied. The Minister of Health in Northern Ireland has decided that it would also be appropriate to delay the implementation here as it would avoid immediate pressures on the take home pay of some HSC staff, particularly in light of the extremely challenging circumstances our valued HSC workforce continue to face.

In view of this the current member contribution rates will not change before October 2022.

The Department will continue to analyse the responses and issues in relation to all the proposals set out in the consultation document and will publish a full response, addressing all the proposals, in due course.

Action for Employers: Ensure all relevant staff/affected members are kept informed of the Pension Scheme Contribution Structure



5. Contact Us

By writing to us at:-

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10.00 am to 12.00pm / 2.00 pm to 4.00pm - Monday to Thursday

10.00 am to 12.00pm - Friday



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If you have any suggestions for the newsletter or would like a particular topic covered in future publications please do not hesitate in contacting us by emailing: hscpensions@hscni.net

