

Agenda Item: 5

Summary: This paper sets out Policy Development Panel C recommendations relating to pension provision for Civil Service (NICS) staff transferring to local government in 2011.

Action Required: To consider and agree.

Background

1. On 23 September the Human Resources Working Group presented to Panel C its options report on pension provision for NICS staff transferring to Local Government in 2011 (Attached at Annex A)

Issue

2. There is a requirement to make continuing pension provision for all NICS staff transferring to local government in 2011. Both the mechanism for transferring employees and the treatment of employee pensions on transfer fall under the 3rd Public Service Commission (PSC) Guiding Principle.
3. The Principle states that in dealing with the pension liabilities of employees transferring from the NICS they should receive “benefits that are **no less favourable** taken as a whole than those provided by the pension scheme of which that employee was a member on the day before transfer”.

Detail

4. In seeking to address this issue the HR Working Group looked at 3 options:-
 - Option 1 - transferring NICS employees should join the Local Government Pension Scheme (LGPS)
 - Option 2 - transferring NICS employees remain within the Principle Civil Service Pension Scheme Northern Ireland (PCSPS(NI))

- Option 3 – create a new analogous scheme
5. In carrying out analysis the Group looked at the advantages and disadvantages of each option and recommended Option 2 as the preferred option. While each option will incur costs it is considered the costs likely to be incurred under options 1 and 3 together with the associated administrative and logistical arrangements mean that these two options are effectively ruled out.
 6. Panel C agrees that from the evidence presented it is clear that there are no perfect solutions available and therefore option 2 is presented as a 'least worst' option which reflects the best solution to meet the requirements for PSC Guiding Principle 3. NICS employees remaining in their present PCSPS (NI) seems likely to be the least detrimental in respect of the financial, administrative, and logistical impact.
 7. As this model has already been tested and implemented effectively within the current Health and Social Care sector, it could be used as the foundation model for employee transfers of a similar nature to local government.
 8. Further detailed work and discussion will be required on the practical implementation of the chosen option. The Panel therefore recommends that this issue is remitted to the Local Government Reform Joint Forum to (LGRJF) be taken forward.

Recommendations

9. It is recommended that SLB members endorse the Panel's recommendation on pension provision for NICS staff transferring to local government and agrees that the LGRJF oversees the operational aspects of implementing the preferred option