

# **Northern Ireland Civil Service Pension Board**

## **Annual Report**

**1 April 2021 to 31 March 2022**

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Department of  
**Finance**

An Roinn

**Airgeadais**

[www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)



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## **Chairperson Statement**

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Welcome to the Northern Ireland Civil Service Pension Board's (NICSPB) Annual Report for 2021/22.

The Pension Board was created as a statutory requirement from April 2015 under the Public Service Pensions Act (Northern Ireland) 2014. The Board met for the first time in June 2015 and has subsequently held a further twenty-six meetings to the end of March 2022.

The impact of Covid-19 continued to present unprecedented challenges throughout the year, but I am delighted at the continued efforts of all Civil Service Pensions staff to ensure the continuity of service to scheme members and continued administration of the scheme throughout the year. The Board remains deeply appreciative of the work of Civil Service Pensions staff throughout 2021-22 in maintaining such high service standards.

Looking ahead to 2022/23, whilst Covid-19 will continue to present challenges, there will be very significant issues to address on the pension's front, not least the implementation of the McCloud remedy. The implementation of the NICS Hybrid Working policy will also see a gradual reopening of workplaces which have been closed during the pandemic, and a gradual return of CSP staff to the workplace.

As I complete my first full scheme year as Chair, I would like to express my thanks to all those who have ensured the success of the Board since I took up my tenure. This includes the other members of the Pension Board for your support and collective contributions, CSP Operations staff for their diligence in administration of the scheme and to Policy, Legislation and Communication Branch for providing secretariat support to both myself and other members of the Board.

**Mr Bumper Graham**

**Independent Chairperson**

**Northern Ireland Civil Service Pension Board**

**October 2022**

## **Introduction**

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The Public Service Pensions Act (Northern Ireland) 2014 requires the establishment of a Pension Board from 1 April 2015 with the responsibility for “assisting the scheme manager” to secure compliance with the Northern Ireland Civil Service (NICS) pension schemes, any other legislation relating to the governance and administration of this scheme and any other statutory pension scheme connected to it; and the Pensions Regulator’s Codes of Practice for Public Sector Schemes (see below). Much of the Pension Board’s work during this seventh year has focussed on developing appropriate agendas, assessment of communications, reporting/management information, implementation of IT system, Annual Benefit Statements for alpha members and the Actuarial valuation of the Scheme at 31 March 2016.

In accordance with the agreed Terms of Reference for the Pension Board, the Board will report annually on its work, providing assurance as required and ensuring the effective administration of the scheme. The Board does not have responsibility for providing advice on the desirability of changes to the scheme and on matters of policy.

This Annual Report provides a summary of its work during its seventh year.

## **The Pensions Regulator**

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The Pensions Regulator is the UK regulator of work-based pension schemes. The Regulator’s principal aim is to prevent problems from developing by working with Pension Schemes, such as the NICS Pension Schemes, by providing guidance on the Pension Board’s responsibilities.

The Regulator’s statutory objectives are set out in legislation and include promoting and improving understanding of the good administration of work-based pensions to protect member benefits.

The Pensions Regulator website contains a section on those involved in the governance and administration of public service pension schemes. Further details

are available at: <http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>

## **Background – Northern Ireland Civil Service Pension Schemes**

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The NICS Pension Schemes provide pensions to employees who have worked in the NICS. It has two schemes – Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] (with 1972, 2002 and 2007 sections) and the alpha Pension Scheme. As at 31 March 2022, the NICS Pension Schemes has approximately **29,919** current members **8,690** deferred members and **32,944** pensioner members and dependents receiving benefits.

The PCSPS(NI) is an unfunded, defined-benefit, final salary occupational pension scheme, with the exception of the 2007 section which is a ‘career average’ scheme. The PCSPS(NI) is now closed to new entrants unless they have some form of protection from previous public sector employment and only remains available to those in the protected or transitional protected groups for members currently in service. The Scheme draws its statutory authority from the Superannuation (Northern Ireland) Order 1972.

The alpha Pension Scheme is an unfunded, defined-benefit, career average revalued earnings (CARE) occupational pension scheme and was introduced with effect from 1 April 2015, as the main pension scheme for the Northern Ireland Civil Service. The majority of new entrants are automatically enrolled into the alpha scheme on joining and as at 31 March 2022, approximately 26,690 members are enrolled into this scheme. The legislation made to introduce the new alpha scheme was titled ‘The Public Service (Civil Servants and Others) Pensions Regulations (Northern Ireland) 2014’.

Members pay between 4.6% and 8.05% of pay, depending on their earnings. Employers pay between 28.7% and 34.2%, depending on annual full-time pensionable salary. The equivalent rate for Prison Officers with reserved rights is 33.9%.

## **Purpose and function of the Northern Ireland Civil Service Pension Board**

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The purpose of the Board is to carry out, within the constraints of the Scheme Manager, the roles and responsibilities that a Trustee Board would fulfil for a private sector occupational pension scheme.

The Pension Board's overriding aim is to ensure that all members<sup>1</sup> of the NICS pension schemes receive accurate benefits on time under the scheme rules/regulations. The Pension Board will at all times work to protect the reputation of the scheme for effective administration and for proper use of scheme funds in accordance with such good practice guidance that may be issued by the Pensions Regulator.

The Pension Board is responsible for assisting the Scheme Manager to secure compliance with -

- a) The Public Service (Civil Servants and Others) Pensions Regulations (Northern Ireland) 2014, otherwise known as 'alpha' Pension Scheme regulations;
- b) any other legislation relating to the governance and administration of the 'alpha' Pension Scheme regulations and any statutory pension scheme that is connected with it;
- c) requirements imposed by the Pensions Regulator in relation to the 'alpha' Pension Scheme or any statutory pension scheme that is connected with it; and
- d) the performance of the scheme manager's functions under the 'alpha' Pension Scheme.

The Pension Board does not have responsibility for providing advice on the desirability of changes to the scheme and on matters of policy.

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<sup>1</sup> All members' means active, deferred and pensioner members of the Northern Ireland Civil Service pension schemes arrangements.

## **Northern Ireland Civil Service Pension Board – Membership**

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The constitution of the NICSPB is set out in the Act and The Public Service (Civil Servants and Others) Pensions Regulations (Northern Ireland) 2014. The Pension Board is made up of one-third employee representatives, one third employer representatives and one third to cover Chairperson and non-executive representatives as follows:

**Independent Chairperson** – whilst not a “Public Appointment”, the selection and appointment process closely adhered to the principles and practices of Departmental Guidance on Public Appointments.

**Employer representatives** – three employer representatives nominated from across the NICS Departments by employers; for example Department of Finance.

**Employee representatives** – three employee representatives nominated from Trade Union Side to ensure an all-inclusive broad representation of scheme membership – including active, deferred, pensioner members and Senior Civil Service.

**Non-voting representatives** – two non-voting representatives to provide pension policy advice and financial advice to Board members.

A full list of Board members can be found at **Annex A**.

Civil Service Pensions, within the Department of Finance provide secretariat support for the Board. Duties of the Secretariat include:

- arranging and managing the meetings;
- preparing or commissioning papers;
- collating administration performance statistics; and
- drafting papers/reports.



## **Northern Ireland Civil Service Pension Board Terms of Reference**

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A copy of the Board's Terms of Reference for 2021/2022 can be found at **Annex B**.

### **2021/22 Work Areas**

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Following its establishment in the spring of 2015, the Pension Board has met on a quarterly basis. During 2021/22, in response to the ongoing pandemic, the Board continued to meet quarterly via virtual conferencing facilities.

In summary, during this period, the Pension Board has considered the following:

- Regular overview of Divisional Balanced Scorecard and risk controls implemented in Civil Service Pensions;
- Performance against Divisional targets;
- Cost Cap/Scheme Costs;
- Legislative requirement to issue Annual Benefit Statements to alpha members;
- Compliance of the Pension Board against both the legal requirements and the Pensions Regulator's (TPR) Code 14 on scheme governance;
- The Pensions Regulator's Consultation on a New Single Code of Practice;
- Annual Work Plan for Pension Board;
- Update on the implementation of the new IT system for administering Civil Service pensions;
- Recent legislative updates to pension scheme arrangements;
- Update on Pensions Ombudsman findings;
- Assessment of Communications;
- McCloud Judgment and Remedy; and
- Covid-19 Contingency Planning.

The period covered by this report has been used to review the governance arrangements which underpin the work of the Pension Board, including reviewing the following documentation:

- Compliance Document – assessment of the Pension Boards' compliance

against both the legal requirements and the Pensions Regulator's Code 14 on scheme governance;

- Conflict of Interest Questionnaires;
- Training needs analysis; and
- Annual Work Plan for Pension Board.

## **Training**

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In order to operate successfully, members of the Pension Board have access to training on issues related to scheme matters.

Members are responsible for assessing their own training needs and maintaining an accurate record of training undertaken.

## **Performance against Divisional Targets 2021/22**

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The Pension Board received quarterly updates from the Scheme Manager on Civil Service Pension's Divisional performance during the financial year. Areas of interest to Board members included:

- Payroll;
- Processing of pension awards to members;
- Complaints about service provision and scheme entitlements; and
- Implementation of Pensions Administration and Payroll IT System.

The Board recognises and commends Civil Service Pensions for the achievement of their targets throughout the year. Civil Service Pensions met or exceeded performance targets in all of the areas. A summary of performance for the year to 31 March 2022 is provided at **Annex C**. The Pension Board will continue to monitor performance against Divisional targets during 2022/23.

## **Complaints about Service - IDR/Pensions Ombudsman Cases**

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Civil Service Pensions has two distinctive sets of complaints handling procedures. The first covers disputes about pensions and is governed by The Occupational

Pensions Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations (Northern Ireland) 2008 and covers any disagreement under the provisions of the Northern Ireland Civil Service pension schemes. This complaints procedure has two stages which are time-bounded for application and response.

In 2021/22, Civil Service Pensions dealt with 38 stage 1 cases and 17 stage 2 cases. The first stage is dealt with by the Line Manager of the staff representative initially dealing with the case. The second stage is dealt with by the Head of Civil Service Pensions Policy, Legislation and Communications Branch. Each case is reviewed on an individual basis and as appropriate, revised staff instructions and/or management checks are implemented. If the member remains dissatisfied with the outcome after the two stages have been exhausted, they still have the right of appeal to The Pensions Ombudsman. In 2021/22 Civil Service Pensions dealt with 1 Pensions Ombudsman cases.

The second type of complaint covers complaints and comments about the standard of service provided. Civil Service Pensions uses this information to continue to improve the standard of service in the future. This is also a two-stage process with the first stage being dealt with by the line manager of the staff representative dealing with the case or the Head of Branch. Since 12 November 2014, the second stage is dealt with by the Director of Pensions Division. In 2021/22 , Civil Service Pension dealt with 10 cases at stage 1, and 0 cases at stage 2. Each case is reviewed on an individual basis and as appropriate, revised staff instructions and/or management checks are implemented.

Leaflets for both Civil Service Pensions complaints procedures can be found on the Civil Service Pensions website at: <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>

## **Implementation of IT System**

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Civil Service Pensions have completed the implementation of a pension administration and payroll system, including an accounting package. The payroll

element went live in April 2015, however due to the complexities of the number of pension arrangements and variations under the NICS Pension Schemes delays were encountered. The completion date for full implementation of the system was initially set for 29 May 2020, but due to a pause period as a result of the impact of the COVID-19(Coronavirus) pandemic the actual completion date was 30 December 2020. All necessary end of project documentation was completed shortly thereafter. There were 7 residual issues which completed in March 2022. Civil Service Pensions have continued to deliver to their targets, despite these delays.

## **Annual Benefit Statements**

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The Public Service (Civil Servants and Others) Pensions Regulations (Northern Ireland) 2014 include a provision that the scheme manager must provide benefit statements to each active member of the alpha scheme in accordance with section 14 of the Public Service Pensions Act (Northern Ireland) 2014 and the Departmental directions made under that section. Section 14 provides that benefit statements are to be issued within 17 months of the regulations establishing the scheme coming into operation. In the case of the alpha pension scheme, benefit statements were to be issued by 31 August 2016 and by the 31 August each subsequent year.

99.25% of ABS's have been issued to Alpha members by 26 August 2022 and 99.75% have been issued by 31 August 2022. Eighty queries are presently being worked on. Legacy statements will commence in October 2022, and these are to be completed by 31 March 2023.

## **Resource Accounts 2021/2022**

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Superannuation and Other Allowances Resource Accounts are prepared annually and present the financial results for the relevant financial year. The Resource Accounts are laid before the Northern Ireland Assembly by the Department of Finance under section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001.

Whilst it is not within the remit of the Board to approve the scheme accounts, the Board duly note their contents on an annual basis. It is commendable that the NI

Audit Office did not make any recommendations or even observations and that this was indeed an unqualified and very clean audit opinion.

The DoF Annual Report and Accounts for the year ended 31 March 2022 is available online at: <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

## **Looking ahead 2022/23**

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The Pension Board will meet on a quarterly basis from April 2022. Initially meetings will continue to be held virtually but it is hoped that over time, and restrictions permitting, a blended approach can be adopted, with meetings held with a mix of in person and virtual attendance. The Board has agreed a Work Plan for the year 2022/23 including the following areas:

- McCloud and the implementation of the remedy;
- Conflict of Interest and Register of Interest Policy Review;
- Pension Increase and Scheme indexation for 2022;
- Issuing of Annual Benefit Statements;
- Report of the Managers;
- Audit Plan;
- IDR/Pensions Ombudsman cases update; and
- Assessment of Communications.

The Board will continue to assess compliance against both the legal requirements and the Pensions Regulator's [Code 14](#) on scheme governance.

## **Contact details**

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If you would like more information on the Pension Board or have any queries on the content of this report please contact: [NICSPBoard@finance-ni.gov.uk](mailto:NICSPBoard@finance-ni.gov.uk).



**REVISED TERMS OF REFERENCE TO BE INSERTED FOLLOWING  
AUTUMN 2022 REVIEW.**

## CIVIL SERVICE PENSIONS YEAR TO DATE STATS (1 April 2021 – 31 March 2022)

TRANSACTION TYPE	CLEARANCE TARGET	NO OF CASES PROCESSED	YEAR TO DATE %	COMMENTS:
<b>Complaints about Service:</b>				
- Stage 1	within 10 w.days from date all necessary information available. (100%)*	10	100	
- Stage 2	within 15 w.days from date all necessary information available. (100%)*	0	0	
<b>Internal Dispute Resolutions:</b>				
- Stage 1	within 4 months from date of receipt 100%	38	100	
- Stage 2	within 4 months from date of receipt 100%	17	100	
TPAS	1 month	-	n/a	
Ombudsman	21 days	1	100	
<b>AWARDS:</b>				
Current Member awards (excluding ill-health awards)	within 6 w.days from date all necessary information available.(95%)	1502	98.3	
Ill- health awards	within 6 w.days from date all necessary information available.(95%)	194	100	
Death in service	Within 10 w. days from date all necessary information available. (100%)	19	100	
<b>PAYROLL:</b>				
Payroll Processing	Payroll run to agreed timetable both for BACS and cheque payments. (100%)	n/a	100	May pensions paid 4 days (1 working day late) admin error