



Department of  
**Health**

An Roinn Sláinte

Mánnystrie O Poustie

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# **HSC Pension Scheme – Scheme yield/member contributions and minor amendment to the 2015 regulations**

## **Consultation Document & Explanatory Notes**

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# 1. Summary

## **Scheme Yield**

This section sets out the proposed amendments of The Health and Social Care Pension Scheme Regulations (Northern Ireland) 2015 (“the 2015 Regulations”) regarding the member contribution structure. The Department proposes to implement these changes from 1 April 2025 in order to achieve the required yield.

The HSC Pension benefit structure requires 9.8% of pensionable earnings to be contributed by members collectively (‘the yield’). Under the current member contribution structure, a yield of 9.6% is being achieved, meaning the scheme has been running under yield by 0.2%.

A number of UK public service schemes are currently under yield and this shortfall is no longer sustainable. All public sector schemes are required to take the appropriate measures to ensure that their target yield is collected by April 2025.

The Department aims to maintain parity with its GB counterpart, the NHS Pension Scheme. The proposals will maintain the same basic structure of contribution tiers and rates, as previously agreed, whilst ensuring that our yield commitment is met. The proposals will also ensure that the current shortfall in the contribution structure of 0.2% will be collected in future years.

## **Minor amendment**

A minor amendment to “the 2015 regulations” is proposed as part of this consultation. The proposal is to correct a pre-existing error identified within “the 2015 regulations and will be explained in further detail within the relevant sections of this document.

## **2. How to respond: -**

Comments on the proposals and draft legislation can be submitted via email to:

**By email to:**

[modernisation@health-ni.gov.uk](mailto:modernisation@health-ni.gov.uk)

**By post:**

HSC Pensions Policy Team Department of Health

Waterside House

75 Duke Street

Derry/Londonderry

BT47 6 FP

The consultation will close at midnight on the 2nd of December 2024

### **3. Confidentiality of information**

For this consultation, we may publish all responses except for those where the respondent indicates that they are an individual acting in a private capacity (e.g. a member of the public). All responses from organisations and individuals responding in a professional capacity will be published. We will remove email addresses and telephone numbers from these responses; but apart from this, we will publish them in full. For more information about what we do with personal data please see our consultation privacy notice.

Your response, and all other responses to this consultation, may also be disclosed on request in accordance with the Freedom of Information Act 2000 (FOIA) and the Environmental Information Regulations 2004 (EIR); however, all disclosures will be in line with the requirements of the Data Protection Act 2018 (DPA) and the UK General Data Protection Regulation (UK GDPR) (EU) 2016/679.

If you want the information that you provide to be treated as confidential it would be helpful if you could explain to us why you regard the information you have provided as confidential, so that this may be considered if the Department should receive a request for the information under the FOIA or EIR.

## 4. Scheme Yield – member contribution rates

### Requirement to meet scheme yield

From 1 November 2022, the Department introduced changes to the member contribution structure, including changing the amount that members pay for their pension benefits. This was the subject of a previous consultation, [HSC Pension Scheme: proposed changes to member contributions](#). It was agreed as part of this consultation process that the reforms to member contributions would be implemented over 2 phases to give members time to adjust to the changes.

On 1 April 2024 the Department introduced the second phase of the changes to the member contribution structure. This was also the subject of a previous consultation [HSC Pension Scheme – proposed amendments to scheme regulations regarding member contributions phase 2 and miscellaneous amendments | Department of Health \(health-ni.gov.uk\)](#).

The contribution rates maintain parity with the employee contribution rates that apply in the NHS Pension Scheme (England & Wales). Analysis undertaken at the time, by the Government Actuary's Department (GAD), suggested that while the changes to the employee contribution rates would produce the HMT required yield of 9.8% in England and Wales, staffing differences in NI meant that they would only achieve 9.6%. This has been found to be the case as the member contribution yield reported in the 2023/24 Resource Accounts was 9.6%.

Following conclusion of the 2020 actuarial valuation, the Department of Finance required all departments to correct any under yield position. Whist Public Service Pensions in Northern Ireland are a devolved responsibility for Ministers in the NI Executive, in general policy which reflects UK government primary legislation is implemented in devolved NI schemes. Furthermore, any secondary legislation relating to the HSC Pension Scheme requires the approval of the Department of Finance. Therefore, for the HSC Pension Scheme, the Department intends to, with the approval of the Department of Finance, replicate HM Treasury's requirement that member contributions deliver a yield of 9.8%.

### Proposed contribution structure

In order to assess the impact on members of these considerations, the Government Actuary's Department (GAD) have undertaken some analysis using member salary data provided by HSC BSO, the scheme administrator, as provided at the 31 March 2024.

In order to have a structure that is expected to achieve the required 9.8% member yield, the contribution rate structure under consideration is set out below:

	<b>Pensionable earnings</b>	<b>Contribution rate from 1</b>
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	<b>thresholds</b>	<b>April 2025</b>
Tier 1	Up to £13,259	5.2%
Tier 2	£13,260 to £26,831	6.70%
Tier 3	£26,832 to £32,691	8.50%
Tier 4	£32,692 to £49,078	10.00%
Tier 5	£49,079 to £62,924	10.90%
Tier 6	£62,925 and above	12.70%

After careful consideration the Department has decided to freeze the contribution rate for members who pay the tier 1 contribution rate of 5.2%. This will ensure that lower income members of the scheme will not be disincentivised from joining the pension scheme. Calculations provided by GAD has shown that when the 0.2% increase is not applied to this tier, the cost is so low, it will have very little implications to the scheme. It is important to note that the other tiers will not subsidise this bottom tier, given how small the group is, it will be absorbed as a scheme cost. The Scheme Advisory Board (SAB) has also provided a firm recommendation to protect this lower income group.

Please see the below examples of how this will impact annual take-home pay for each tier. It is important to note that the average salary for each contribution tier was also calculated to provide the estimates of take-home pay below.

	<b>Tier 1</b>
<b>Pensionable pay</b>	<b>£6,825</b>
<b>Member contribution %</b>	<b>5.2%</b>
<b>Total member contribution</b>	<b>£355</b>
<b>Tax paid</b>	<b>£0</b>
<b>National Insurance</b>	<b>£0</b>
<b>Take home pay</b>	<b>£6,470</b>
<b>Change in take home pay</b>	<b>£0</b>



	<b>Tier 2</b>	<b>Tier 2</b>
	<b>No change</b>	<b>Increased Contribution</b>
<b>Pensionable pay</b>	<b>£20,275</b>	<b>£20,275</b>
<b>Member contribution %</b>	<b>6.5%</b>	<b>6.7%</b>
<b>Total member contribution</b>	<b>£1,318</b>	<b>£1,358</b>
<b>Tax paid</b>	<b>£1,277</b>	<b>£1,269</b>
<b>National Insurance</b>	<b>£616</b>	<b>£616</b>
<b>Take home pay</b>	<b>£17,063</b>	<b>£17,031</b>
<b>Change in take home pay (per annum)</b>		<b>-£32</b>

	<b>Tier 3</b>	<b>Tier 3</b>
	<b>No change</b>	<b>Increased Contribution</b>
<b>Pensionable pay</b>	<b>£27,500</b>	<b>£27,500</b>
<b>Member contribution %</b>	<b>8.3%</b>	<b>8.5%</b>
<b>Total member contribution</b>	<b>£2,283</b>	<b>£2,338</b>
<b>Tax paid</b>	<b>£2,530</b>	<b>£2,519</b>
<b>National Insurance</b>	<b>£1,194</b>	<b>£1,194</b>
<b>Take home pay</b>	<b>£21,494</b>	<b>£21,450</b>
<b>Change in take home pay</b>		<b>-£44</b>

	<b>Tier 4</b>	<b>Tier 4</b>
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	No change	Increased Contribution
Pensionable pay	£37,270	£37,270
Member contribution %	9.8%	10.0%
Total member contribution	£3,652	£3,727
Tax paid	£4,210	£4,195
National Insurance	£1,976	£1,976
Take home pay	£27,432	£27,372
Change in take home pay		-£60

	Tier 5	Tier 5
	No change	Increased Contribution
Pensionable pay	£50,135	£50,135
Member contribution %	10.7%	10.9%
Total member contribution	£5,364	£5,465
Tax paid	£6,440	£6,420
National Insurance	£3,005	£3,005
Take home pay	£35,325	£35,245
Change in take home pay		-£80

	Tier 6	Tier 6
	No change	Increased Contribution
Pensionable		

<b>pay</b>	<b>£91,820</b>	<b>£91,820</b>
<b>Member contribution %</b>	<b>12.5%</b>	<b>12.7%</b>
<b>Total member contribution</b>	<b>£11,478</b>	<b>£11,661</b>
<b>Tax paid</b>	<b>£19,569</b>	<b>£19,496</b>
<b>National Insurance</b>	<b>£3,847</b>	<b>£3,847</b>
<b>Take home pay</b>	<b>£56,927</b>	<b>£56,816</b>
<b>Change in take home pay</b>		<b>-£111</b>

All figures are annual and based on the income tax and national insurance structure in place for the 2024-25 tax year.

The income tax rate is determined based on the pensionable pay figures shown and does not allow for any non-pensionable earnings. Where a member earns significant amount of non-pensionable earnings, the marginal income tax rate may be higher which would lead to a slightly different outcome.

## 5. Amendments to “the 2015 scheme” Regulations

A minor amendment is proposed as part of this consultation. The Department proposes to make changes to the wording of the 2015 regulations. The amendment, which can be examined in the attached legislation, corrects a pre-existing error. The Department is now proposing to amend the error to ensure accuracy. The regulations alongside the proposed amendment is set out below:

### Amendment of Schedule 13

In schedule 13 (Definitions), for the entry in column 2 corresponding to the expression active member, incorrectly refers to Article 124(1)”. This should refer to Article “121(1)”.

## 6. Proposed implementation

The Department proposes that the new member contribution rates and changes to rectify the pre-existing error may be introduced from 1 April 2025.

The rules of the HSC Pension Scheme are set out in legislation. The Superannuation (Northern Ireland) Order 1972 and the Public Service Pensions Act (Northern Ireland) 2014 give the Department legal powers to create pension scheme regulations to amend member contributions.

A set of draft regulations has been produced to make those changes. These are presented as an annex to this consultation document. The table below explains the purpose and effect of each paragraph in the draft regulations. The Department welcomes any comments or views on the draft regulations.

The Department proposes to lay these regulations before the Northern Ireland Assembly early in the new year with the intention that they have legal effect from 1 April 2025.

## **The Health and Social Care Pension Scheme (Amendment) Regulations (Northern Ireland) 2025**

### **Part 1**

Regulation 1 - Describes how the regulations should be referred to and when they have legal effect. In this case the regulations are named as the Health and Social Care Pension Scheme (Amendment) Regulations (Northern Ireland) 2025 and will come into operation on 1 April 2025.

### **Part 2**

Regulation 2 – Explains that the regulations in this part will amend the regulations governing the Health and Social Care Pension Scheme Regulations (Northern Ireland) 2015

### **Part 3**

Regulation 3 - Amends the member contribution rates for officers.

Regulation 4 - Amends the member contribution rates for practitioners.

Regulation 5 – Amends a pre-existing error.

**ANNEX A**

**CONSULTATION RESPONSE FORM**

## CONSULTATION

### HSC Pension Scheme – HSC Pension Scheme – proposed amendments regarding the scheme yield member contributions and amendments to scheme regulations .

(Please complete and return to the address at the end of the form to ensure that we handle your response appropriately).

#### 1. Name/Organisation

##### Organisation Name

British Medical Association

##### Title

Miss

##### Surname

Clark

##### Forename

Olivia

#### 2. Postal Address

<b>Postcode</b>	<b>Phone</b>	
<b>Email</b>		

**3. Permissions - I am responding as...** (Please complete either sections (a), (b) and (d) or sections (c) and (d):

**Individual**

or

**Group/Organisation**

- (a) Do you agree to your response being made available to the public (in the Assembly library and/or on the Assembly web
- (b) Where confidentiality is not

- (c) The name and address of your organisation **will be** made available to the public (in the Assembly library Are you content for your

requested, we will make your responses available to the public on the following basis

**Please state yes to one of the following:**

Yes, make my response, No  
name and address all  
available

Yes, make my response Yes  
available, but not my  
name and address

Yes, make my response No  
and name available, but  
not my address

**response** to be made  
available?

**Please state yes or no:**

Yes

**(d)** We may share your response internally with other Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Department of Health to contact you again in relation to this consultation exercise?

**Please state yes or no: .....Yes....**

## ABOUT YOU

I am responding:

as a scheme member

on behalf of an Employer Organisation

on behalf of a Trade Union/Staff Association

other (please specify)

What is your gender?

• Female

• Male

- Other
- Do not wish to say

I am employed as...

an administrator

a dentist

a doctor

a general practitioner

a junior doctor

a manager

a nurse

I'm retired

other (please specify)

Senior Policy Advisor

What is your working pattern?

I work part-time

I work full- time

Not applicable

## CONSULTATION COMMENTS

Please use this space to provide any comments on the amendments.

### Question 1

Do you agree or disagree with the introduction of increased member contribution of 0.2% to ensure the required yield of 9.8% is collected?

- Agree
- Disagree
- Don't know

If you disagree or don't know, please explain your answer.

The BMA firmly believes that it is inappropriate to have a system of tiered member contributions within a Career Averaged Revalued Earnings (CARE) scheme where all members get the same proportional benefit. We remain of the view that a flat contribution rate should apply to all.

The proposed member contribution structure further compounds the unfairness for senior doctors who are, by nature of their roles, in the higher tiers of the scheme. They will continue to be required to contribute significantly more than lower paid members and their comparators in other senior career paths in the public sector elsewhere in the UK.

It should be noted that affordability issues around this for lower earners could be addressed through higher pay rather than cross-subsidy between scheme members.

If an overall flat rate is not considered acceptable, a flatter contribution structure than that being proposed would be the only way to address this unfairness. The Northern Irish Government are missing a crucial opportunity to address this imbalance to the detriment of senior doctors.

We also do not consider that it is appropriate for members to be required to contribute a 9.8% yield and the target yield in the Northern Ireland HSC Pension Scheme is unnecessarily high when compared with other public sector pension schemes. It is not clear why there is a need to maintain this overly high average yield, and as mentioned previously this may cause affordability issues for members in the mid tiers whose contribution rate is increasing significantly.

## **Question 2**

Do you agree or disagree with the proposed minor amendment to the 2015 regulations?

- Agree
- Disagree
- Don't know

If you disagree or don't know, please explain your answer.



