
**Northern Ireland Judicial Pension Scheme
Annual Report and Accounts
For the year ended 31 March 2016**

*Laid before the Northern Ireland Assembly by the
Department of Finance
(formerly the Department of Finance and Personnel)
under section 10(4) of the Government Resources
and Accounts Act (Northern Ireland) 2001*

1 July 2016

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ACCOUNTABILITY

CORPORATE GOVERNANCE REPORT

REPORT OF THE MANAGERS

Background to the Scheme

Statutory basis for the Scheme

The Northern Ireland Judicial Pension Scheme ('the Scheme') was established on 1 April 2015 by the Department of Justice to make pension provision for devolved judicial office holders. The establishment of the Scheme was driven by wider public service pension reform following the publication of the final report of the Independent Public Service Pensions Commission in March 2011 which included the recommendations that government should:

- replace final salary pension schemes with new career average schemes; and
- link members' pension age to state pension age in new schemes.

Subsequently, the *Public Service Pensions Act (Northern Ireland) 2014* provided the statutory framework for the establishment of reformed public service pensions in Northern Ireland for the devolved (mainly tribunal) judiciary. This Act names the Department of Justice as the Responsible Authority for making scheme regulations for holders of judicial office.

The *Judicial Pensions Regulations (Northern Ireland) 2015* appointed the Department of Justice as the Scheme Manager responsible for managing and administering this new career average judicial pension scheme.

The previous final salary judicial pension scheme, provided for by the *Judicial Pensions and Retirement Act 1993 (JUPRA)*, made pension provision for non-devolved (mainly courts) judiciary only and continues to be administered by the Ministry of Justice (MOJ).

Eligibility to join the Scheme

The *Public Service Pensions Act (Northern Ireland) 2014 (Judicial Offices) Order (Northern Ireland) 2015* specifies the judicial offices for which pension provision is made in the Scheme.

A judge is eligible to join the Scheme if he or she was:

- first appointed to an eligible judicial office after 1 April 2012;
- in eligible service at 1 April 2012, and at that date under 51 years 6 months; or
- in eligible service at 1 April 2012, and at that date under the age of 55, and has reached the end of any period of tapering protection.

A judge who does not meet any of the above conditions will accrue pension benefits under another judicial pension scheme.

Membership of the Scheme includes both salaried and fee-paid devolved judicial office holders. The salaried members are those who are not eligible for membership of JUPRA or its career average successor scheme due to the devolved status of their judicial office. The fee-paid members are judges holding certain devolved fee-paid posts who, following ongoing litigation before the Industrial Tribunal in Northern Ireland, have established entitlement to a pension on the same basis as their salaried counterparts.

Main features of the Scheme, including benefits and how they are funded

The key elements of the Scheme are:

- a pension scheme design based on career average accrual model;
- no restriction on the number of accruing years in service;
- an accrual rate of 2.32% of pensionable earnings each year;
- revaluation of active, deferred and retired scheme members' benefits in line with the index set under the *Pensions (Increase) Act (Northern Ireland) 1971* (currently in line with the Consumer Prices Index [CPI]);
- Normal Pension Age linked to State Pension Age;
- Scheme is registered for tax purposes;
- optional tax-free lump-sum commutation at a rate of 12:1, subject to limits and regulations set by HM Revenue and Customs (HMRC); and
- pension for surviving adults of 37.5% of the member's pension, and pensions for eligible children.

Pension benefits

The Scheme is a career average pension scheme. Every Scheme year, members will bank an amount of pension in their individual pension account at a rate of 2.32% of their pensionable earnings in that Scheme year. For full-time salaried members of the judiciary, and those on salaried part-time working arrangements, pensionable earnings will equate to their actual salary in that Scheme year. A judge's final pension is then made up of the amounts banked each Scheme year, with index-linking applied.

Annual revaluation (index-linking) of benefits

The value of a member's pension is maintained by applying index-linking annually. The rate of indexation applies to all Scheme members, be they active, deferred or retired. There is nothing in the legal framework that guarantees increases by reference to a particular index. This Scheme, like other public service schemes, will apply the increase as directed by an order made by the Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)]. For the Scheme, the rate will be set to be equivalent to the Consumer Prices Index (CPI) - a measure of inflation calculated by the Office for National Statistics. The revaluation will occur at the beginning of each subsequent Scheme year, i.e. April. The Scheme rules do not set out the method of revaluing pensions and like other public service pension schemes, the Scheme is increased under the provisions of the *Pensions (Increase) Act (Northern Ireland) 1971*. The revaluation of the member's pension will apply to the entire pension pot at the beginning of each year. Each member will receive an annual benefit statement clearly explaining the current value of his or her pension.

Management and corporate governance of the Scheme

The governance of the Scheme has three specific elements:

- Scheme Manager;
- Scheme Advisory Board; and
- Pension Board.

The Department of Justice is the Responsible Authority and Scheme Manager for the Scheme. Within the Department, responsibility for the role of Scheme Manager lies with the Director of Access to Justice.

The purpose of the Northern Ireland Judicial Pension Scheme Advisory Board ('the Scheme Advisory Board') is to provide advice to the Responsible Authority on the desirability of any changes to the Scheme.

The purpose of the Northern Ireland Judicial Pension Board ('the Pension Board') is to assist the Scheme Manager in securing compliance with:

- the Scheme regulations and other legislation relating to the governance and administration of the Scheme; and
- the requirements in relation to the Scheme of the Pensions Regulator.

The Pension Board is also responsible for assisting the Scheme Manager in the performance of its functions under the Scheme regulations.

Membership of both the Scheme Advisory Board and the Pension Board is as follows:

Name	Board role	Other relevant position held	How appointed
Jill Youds	Independent Chair	Chair, Judicial Pension Board (Ministry of Justice)	By Minister of Justice
Ronnie Armour	Employer representative	Chief Executive, Northern Ireland Courts and Tribunals Service	By Chair with Department of Justice approval
Neil Drennan QC	Member representative	Chairman, Industrial Tribunals and Fair Employment Tribunal Northern Ireland	By Chair with Lord Chief Justice of Northern Ireland approval

The Pension Board will have oversight, on behalf of the Department as Scheme Manager, in a variety of areas including assurance and governance of the administration of the Scheme and internal control procedures. This will also provide assurance to the Departmental Accounting Officer.

Further details are contained within the Governance Statement in the Corporate Governance Report.

Arrangements governing determination of contribution rates and benefits

The Scheme is a career average pension scheme in line with other reformed public service pension schemes implemented in response to the report of the Independent Public Service Pensions Commission.

Member contributions

Member contribution rates are set in regulation and result in the Scheme receiving an average member contribution yield of 5.6%.

The following member contribution rates are effective from 1 April 2015. As there is no limit on the number of years of pension accrual under the Scheme, contributions are payable throughout service. These rates are fixed in the Scheme regulations until 2018-19 however the annual salary bandings do change over this period.

Annual rate of pensionable earnings 2015-16	Rate of member contributions
Up to and including £15,000	4.60%
£15,001 - £21,000	4.60%
£21,001 - £47,000	5.45%
£47,001 - £150,000	7.35%
£150,001 and above	8.05%

Annual rate of pensionable earnings 2016-17	Rate of member contributions
Up to and including £15,000	4.60%
£15,001 - £21,210	4.60%
£21,211 - £48,471	5.45%
£48,472 - £150,000	7.35%
£150,001 and above	8.05%

Annual rate of pensionable earnings 2017-18	Rate of member contributions
Up to and including £15,000	4.60%
£15,001 - £21,422	4.60%
£21,423 - £51,005	5.45%
£51,006 - £150,000	7.35%
£150,001 and above	8.05%

Annual rate of pensionable earnings 2018-19	Rate of member contributions
Up to and including £15,000	4.60%
£15,001 - £21,636	4.60%
£21,637 - £51,515	5.45%
£51,516 - £150,000	7.35%
£150,001 and above	8.05%

For those judicial office holders not working on a full-time basis, the method of calculation of member contributions will be calculated under an actual earnings approach. Under the actual earnings approach, contributions are assessed on the annual rate of pensionable earnings in each pay period. This will fluctuate within a given Scheme year dependent on the applicable member contribution rate for that pay period.

All member contributions paid in respect of the Scheme will be subject to tax relief. As there are no dependant pension contributions paid under the Scheme, a refund will not be provided to those without dependants at retirement.

Employer contributions

The employer contribution rate is 38.45%. This comprises the rate of 38.20% recommended by the Government Actuary's Department (GAD) under direction of HM Treasury plus 0.25% of pensionable pay to reflect the cost of Scheme administration. The projected average member contribution rate from 2015 to 2019 was taken into account so that in effect, the employer and employee would together be meeting the total cost of the Scheme.

Employer cost cap

The member contribution rates may be amended to reflect the changing cost of the Scheme if an actuarial valuation shows a substantial change in the overall cost of the Scheme, either up or down. An employer cost cap has been set for the Scheme and is used for measuring changes in the cost of the Scheme. The employer cost cap is expressed as a percentage of pensionable earnings of all members of the Scheme.

The employer cost cap figure is included in the Scheme regulations, and provides a benchmark for future valuations of Scheme costs. The initial employer cost cap figure has been assessed by GAD, the Scheme Actuary, to be 25.7% of pensionable pay and is the target cost to the employer for the Scheme, represented as a percentage of pensionable earnings.

Scheme valuations

Scheme valuations are scheduled to take place every four years, with the next valuation to take effect from 1 April 2019. If a future valuation indicates that the cost has moved significantly away from the employer cost cap (two percentage points either above or below), the Scheme must take action to bring costs back to the employer cost cap. Such action could include amending Scheme benefits for future accruals to alter the overall cost of the Scheme or altering the level of member contributions so that a higher or lower level of employer contributions is required.

Key developments in year***Changes in contributions and benefits***

There have been no changes in contribution rates or benefits since the Scheme was established on 1 April 2015.

Membership statistics (movement in year)

Details of the current membership of the Northern Ireland Judicial Pension Scheme are outlined below:

<u>ACTIVE MEMBERS</u>	<u>Total</u>
Members at 1 April 2015	-
<i>Add:</i>	
New entrants	35
Transfers in	-
<i>Less:</i>	
Retirements	-
Deaths in service	-
Transfers out	-
Members at 31 March 2016	<u>35</u>

There are no Deferred members or Pensions in payment within the Scheme.

Employing departments

The membership per employing department at 31 March 2016 was as follows:

	Department for Employment and Learning	Department of Justice	Department for Social Development	Total
Salaried members	1	1	1	3
Fee-paid members	5	-	27	32
Total	6	1	28	35

The Stormont House Agreement contained a commitment to reduce the number of NICS departments from twelve to nine following the Assembly election in May 2016. The names and high level functions of the new departments have been agreed by Ministers and details can be found in:

- Departments Act (Northern Ireland) 2016;
- The Departments (2016 Act) (Commencement) Order (Northern Ireland) 2016; and
- The Departments (Transfer of Functions) Order (Northern Ireland) 2016.

It is anticipated that staff working in the affected areas will move with the function.

As a result, from 2016-17 onwards the employing authorities for the purposes of the Scheme will be:

- Department for Communities (formerly Department for Social Development);
- Department for the Economy (formerly Department for Employment and Learning); and
- Department of Justice.

Furthermore, in line with these Machinery of Government changes, reference to the new Department of Finance (DoF) [formerly Department of Finance and Personnel (DFP)] has been included throughout this Annual Report and Accounts.

Financial position at 31 March 2016, significant features of results for year

The financial statements show the income, expenditure, assets and liabilities for the first year of the Scheme. As there have been no pension payments this year, all contributions receivable will be paid to the Consolidated Fund as excess cash receipts. The balance on Taxpayers' Equity reflects the current service cost, pension financing cost and actuarial gain of the year-end pension liability.

Events after the reporting period and issues for future years

The *Judicial Pensions (Amendment) Regulations (Northern Ireland) 2016* were passed by the Northern Ireland Assembly on 8 March 2016 and made provision for ensuring the protection of increases in Guaranteed Minimum Pensions after the abolition of contracting out on 6 April 2016. From 6 April 2016, active Scheme members pay increased National Insurance Contributions and are no longer contracted out of the second state pension.

In 2016-17 the Department of Justice, in its role as Responsible Authority for the Scheme, anticipates making further amendments to the Scheme regulations, such as in respect of transitional protection portability for eligible fee-paid judicial office holders, and to remove negligence as a basis for forfeiture or set-off of pension. The Department also anticipates making regulations to introduce a scheme for Additional Voluntary Contributions for Scheme members.

During 2016-17 it is anticipated that an additional board member will be appointed to the Northern Ireland Judicial Pension Board to serve as a non-voting independent member.

Over the next six years 14 additional members will join the Scheme through a tapering arrangement.

Information for Members

Supplementary information available to members

Further information, including the Scheme Guide and information relating to the Scheme Advisory Board and Pension Board, is available on the Department of Justice website at: <https://www.justice-ni.gov.uk/articles/northern-ireland-judicial-pension-scheme>.

Information about Freestanding Additional Voluntary Contributions and Stakeholder Pensions

Members may put in place their own arrangements for making payments to institutions which offer Freestanding Additional Voluntary Contribution Schemes to build up a pension pot to be invested by the third-party provider and which will be drawn according to HMRC rules. It should be noted that in relation to money purchase benefits, the value of the pension will depend on several factors including the amount of the contributions paid, the performance of investments and the cost of converting the benefit into an annuity. The Managers of the Northern Ireland Judicial Pension Scheme have no responsibility in connection with such arrangements and no employer contributions were made to Freestanding Additional Voluntary Contribution Schemes in 2015-16.

Names and addresses relevant to the Scheme

<p>Accounting Officer</p> <p>Nick Perry Department of Justice Block B Castle Buildings Stormont Estate Belfast BT4 3SG</p>	<p>Bankers</p> <p>Banking services are provided by the Ministry of Justice through the Government Banking Service.</p>
<p>Administrators</p> <p>Punter Southall Albion Fishponds Road Wokingham RG41 2QE</p>	<p>Legal advisers</p> <p>Departmental Solicitor's Office Victoria Hall 12 May Street Belfast BT1 4NL</p>
<p>Actuary</p> <p>Government Actuary's Department Finlaison House 15-17 Furnival Street London EC4A 1AB</p>	<p>Auditors</p> <p>Northern Ireland Audit Office 106 University Street Belfast BT7 1EU</p>

Contact for enquiries

Enquiries by members can be made:

- in writing to:
*Northern Ireland Judicial Pension Scheme
Management Support Branch
Northern Ireland Courts and Tribunals Service
Laganside House
23-27 Oxford Street
Belfast
BT1 3LA;*

- by telephone: 028 9072 8863; or

- by e-mailing: NIJPS@courtsni.gov.uk.

REPORT OF THE ACTUARY

Introduction

This statement has been prepared by the Government Actuary's Department at the request of the Department of Justice. It summarises the pensions disclosures required for the 2015-16 Resource Accounts of the Northern Ireland Judicial Pension Scheme ('the NIJPS' or 'the Scheme').

The NIJPS is a defined benefit pension scheme, the rules of which are set out in the Judicial Pensions Regulations (Northern Ireland) 2015. The Scheme is wholly unfunded. I am not aware of any informal practices operated within the Scheme which lead to a constructive obligation (under IAS 19 constructive obligations should be included in the measurement of the actuarial liability).

The statement is based on an assessment of the liabilities as at 31 March 2016.

Membership data

Tables A summarises the principal membership data as at 30 September 2015, supplemented by the cash flow data sent to GAD in April 2016 used to prepare this statement.

Table A - Active members

Number of members	Total salaries 2015-16 £000	Total salaries 2016-17 £000
33	754	797

Methodology

The present value of the liabilities has been determined using the Projected Unit Credit Method (PUCM) and the principal financial assumptions applying to the 2015-16 Resource Accounts. The contribution rate for accruing costs in the year ended 31 March 2016 was determined using the PUCM and the principal financial assumptions applying as at 31 March 2015.

This statement takes into account the benefits normally provided under the Scheme, including age retirement benefits, ill-health retirement benefits and benefits applicable following the death of the member. It does not include the cost of injury benefits (in excess of ill-health benefits). It does not include premature retirement and redundancy benefits in respect of current active members.

Principal financial assumptions

The principal financial assumptions adopted to prepare this statement are shown in Table B.

Table B - Principal financial assumptions

Assumption	31 March 2016	31 March 2015
Rate of return (discount rate)	3.60%	3.55%
Rate of future pension increases	2.20%	2.20%
Rate of return in excess of:		
Pension increases (CPI)*	1.37%	1.30%
Expected return on assets	n/a	n/a

*Consumer Prices Index

Demographic assumptions

The demographic assumptions adopted to prepare this statement are in line with the 2012 valuation of the Judicial Pension Scheme for the United Kingdom.

The standard mortality tables known as S1NXA (for normal health pensioners and dependants) are used but with mortality rates reduced to 80% of actual rates for male members and 85% for female members. Mortality improvements are in accordance with those incorporated in the 2014-based principal population projections for the United Kingdom. This assumption has been updated in line with the latest Office for National Statistics (ONS) projections.

The contribution rate used to determine the accruing cost in 2015-16 was based on the demographic and financial assumptions applicable at the start of the year.

Liabilities

Table C summarises the assessed value as at 31 March 2016 of benefits accrued under the Scheme prior to 31 March 2016 based on the data, methodology and assumptions described above.

Table C - Statement of Financial Position

	31 March 2016 £000
Total market value of assets	Nil
Value of liabilities	304
Surplus/(Deficit)	(304)
of which recoverable by employers	n/a

Accruing costs

The cost of benefits accrued in the year ended 31 March 2016 (the Current Service Cost) is based on a standard contribution rate of 42%. Under the Scheme regulations, members contribute between 4.60% and 8.05% of pensionable pay. Table D shows the standard contribution rate used to determine the Current Service Cost for 2015-16.

Table D - Contribution rate

	Percentage of pensionable pay 2015-16
Standard contribution rate	42%

For the avoidance of doubt, the actual rate of contributions payable by employers is not the same as the employers' share of the standard contribution rate as above. This is because the actual employer contribution rate was determined as part of a funding valuation using different assumptions. The key difference between the assumptions used for funding valuations and Resource Accounts is the discount rate. The discount rate for Resource Accounts is set each year by HM Treasury to reflect the requirements of the accounting standard IAS 19 *Employee Benefits*.

The pensionable payroll for the financial year 2015-16 was £754,000 (based on cash flow data received in April 2016). Based on this information, the accruing cost of pensions in 2015-16 (at 42% of pay) is assessed to be £316,000.

There were no past service costs during 2015-16.

Sensitivity analysis

The results of any actuarial calculation are inherently uncertain because of the assumptions which must be made. In recognition of this uncertainty I have been asked to indicate the approximate effects on the actuarial liability as at 31 March 2016 of changes to the most significant actuarial assumptions.

The most significant assumptions are the discount rate and pension increases (currently based on CPI). A key demographic assumption is pensioner mortality.

Table E shows the indicative effects on the total liability as at 31 March 2016 of changes to these assumptions (rounded to the nearest 0.5%).

Table E - Sensitivity to significant assumptions

Change in assumption	Approximate effect on total liability		
Financial assumptions			
(i) discount rate*:	+0.5% a year	-13%	-£40,000
(ii) pension increase*:	+0.5% a year	+12%	+£36,000
Demographic assumptions			
(iii) additional 1 year increase in life expectancy at retirement*		+3%	+£9,000

* *Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.*

Michael Scanlon FIA
Arti Kakkad FIA
Government Actuary's Department

6 May 2016

STATEMENT OF THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance (formerly the Department of Finance and Personnel) has directed the Northern Ireland Judicial Pension Scheme to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction.

The financial statements must give a true and fair view of the state of affairs of the Scheme at the year end and of the net resource outturn and cash flows for the year then ended. The financial statements are required to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Assembly or material transactions that have not conformed to the authorities that govern them. In addition, the financial statements must be prepared so as to ensure that the contributions payable to the Scheme during the year have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

In preparing the financial statements, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Department of Finance has appointed the Permanent Head of the Department of Justice as Accounting Officer for the Northern Ireland Judicial Pension Scheme. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the Pension Scheme, are set out in the Accounting Officers' Memorandum issued by the Department of Finance and published in *Managing Public Money Northern Ireland*.

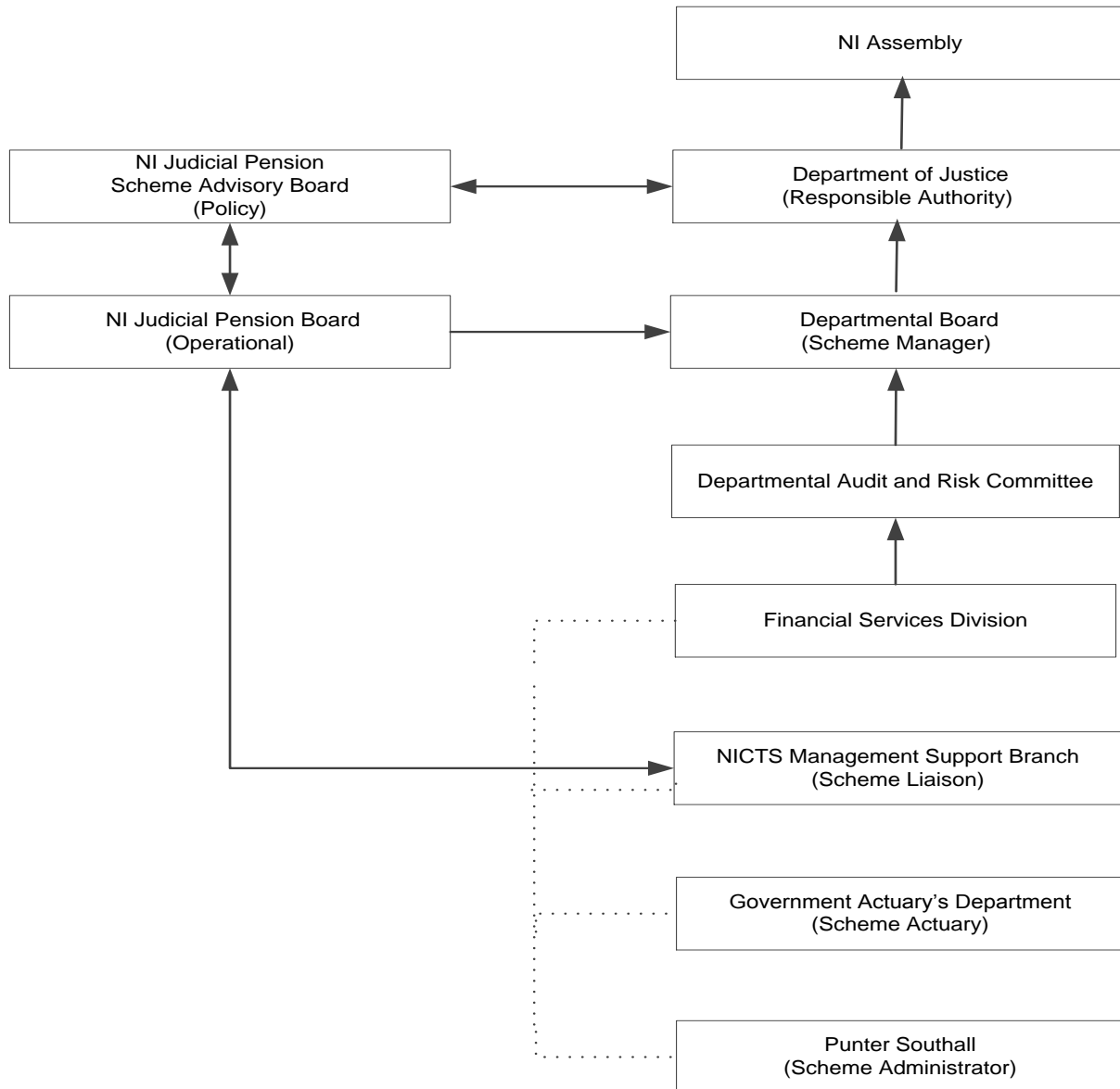
The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

So far as the Accounting Officer is aware, there is no relevant information of which the Department's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

GOVERNANCE STATEMENT

1. Governance structure

The Scheme adheres to the following governance structure:



The key organisational structures which support the delivery of effective corporate governance in relation to the Scheme are the:

- Departmental Board;
- Departmental Audit and Risk Committee;
- Northern Ireland Judicial Pension Scheme Advisory Board; and
- Northern Ireland Judicial Pension Board.

Departmental Board

The Minister is supported by the staff of the Department, led by the Permanent Secretary and a Departmental Board. The Board leads the management of the Department in the delivery of the Minister's objectives and is responsible for the establishment and monitoring of the corporate governance arrangements of the Department. Subject to Ministerial agreement, the Board prioritises the allocation of resources to match development and delivery requirements, and is accountable for Departmental performance.

In addition to the Permanent Secretary, the Board is made up of four executive members and two independent members. The independent members provide constructive challenge to the Board's business, an external objective perspective and a different range of experience to complement the executive Board members.

Attendance by members is shown below for the 11 meetings of the Departmental Board during 2015-16:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	11
Director, Access to Justice	David A Lavery CB	8
Director, Safer Communities	Anthony Harbinson	9
Director, Reducing Offending	Sue McAllister	11
Director, Justice Delivery	Lian Patterson	9
Independent Board Members	Rotha Johnston	8
	Clarke Black	11

Within the Department of Justice responsibility for the role of Scheme Manager lies with the Director of Access to Justice and key work to date includes preparation of:

- terms of reference for the Northern Ireland Judicial Pension Scheme Advisory Board;
- annual report provided by the Northern Ireland Judicial Pension Board; and
- annual report and accounts for the Scheme to be laid in the Assembly.

Departmental Audit and Risk Committee

The Departmental Audit and Risk Committee (DARC) is constituted as a sub-committee of the Departmental Board and acts in an advisory capacity. It provides assurance to the Board that effective systems are in place to monitor risk management, internal controls and governance across the Department and its ALBs. The DARC also oversees the performance and work of internal audit.

The Committee is chaired by an independent non-executive member of the Departmental Board and membership is made up by two other independent members.

Attendance by members is shown below for the four meetings of the DARC during 2015-16:

Position	Member	Attendance
Independent Board Member (Chair)	Rotha Johnston	4
Independent Board Member	Clarke Black	4
Independent Member	David Small	4

Key work of the DARC relating to the Scheme included the review and consideration of:

- the governance structure of the Scheme;
- the external audit strategy;
- the Head of Internal Audit's annual opinion and report; and
- the Scheme's annual reports and accounts.

Northern Ireland Judicial Pension Scheme Advisory Board

In accordance with the *Judicial Pensions Regulations (Northern Ireland) 2015*, the Northern Ireland Judicial Pension Scheme Advisory Board ('the Scheme Advisory Board') has been established to provide advice to the Department, as Responsible Authority, on the desirability of any changes to the Scheme.

Attendance by members is shown below for the three meetings of the Scheme Advisory Board during 2015-16:

Position	Member	Attendance
Chair	Jill Youds	3
Employer representative	Ronnie Armour	3
Member representative	Neil Drennan QC	3

Key work of the Scheme Advisory Board included:

- establishing the terms of reference for the Scheme Advisory Board; and
- maintaining the register of interests for members of the Scheme Advisory Board.

Northern Ireland Judicial Pension Board

In accordance with the *Judicial Pensions Regulations (Northern Ireland) 2015*, the Northern Ireland Judicial Pension Board ('the Pension Board') has been established to support and assist the Scheme Manager in securing compliance with:

- the Scheme regulations and other legislation relating to the governance and administration of the Scheme; and
- the requirements in relation to the Scheme of the Pensions Regulator.

The Pension Board is also responsible for assisting the Scheme Manager in the performance of its functions under the Scheme regulations.

Attendance by members is shown below for the four meetings of the Pension Board during 2015-16:

Position	Member	Attendance
Chair	Jill Youds	4
Employer representative	Ronnie Armour	4
Member representative	Neil Drennan QC	4

Key work of the Pension Board included:

- establishing terms of reference for the Pension Board;
- monitoring the risk register of the Scheme;
- reviewing performance of the Scheme administrators;
- considering policies and procedures of the Scheme including conflicts of interest, internal dispute resolution and reporting breaches of the law;
- amendments to Scheme regulations; and
- preparing the annual report for the Scheme Manager to provide assurance that the Pension Board has fulfilled its roles and responsibilities.

Internal Audit

The Department's Internal Audit Services provides the internal audit service to the Scheme.

Information assurance

The Department has a robust Information Assurance governance structure that is managed by the Department's Information Risk Owners' Council (IROC). The IROC is chaired by the Senior Information Risk Owner and memberships includes the Departmental Security Officer, the Departmental Information Manager and lead Information Asset Owners (IAOs), nominated to represent all departmental business areas, agencies and ALBs. Supporting the work of the IROC is the Accreditation Panel, the Security Managers' Forum, the Records and Information Management Group and the IT Security Forum. Membership of IROC is reviewed periodically to ensure that it includes as many relevant parties as possible for maximum distribution and consistency of best practice in policy application and implementation across the Departmental family.

2. Risk management and internal control

Risk management is embedded into the business planning process in the Department at both strategic and operational levels in line with DoF guidance. The system of internal control is designed to maintain risk at a manageable level, based on a risk appetite agreed by the Departmental Board, in order to provide a reasonable assurance of effectiveness. The Department's risk appetite will vary according to the perceived importance of risks and their timing.

Risks to the delivery of Departmental aims and objectives are considered by the Board on an ongoing basis. The likelihood of risks being realised and the likely impact of realisation of those risks are considered in order to inform decisions on how to manage risk effectively.

The Board monitors the mitigation of strategic risks throughout the year. These include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have an impact. The corporate risk register is amended throughout the year to reflect changes to the assessment of risk and to take account of emerging risk areas. This supports the Accounting Officer in ensuring that there is regular and timely assurance on the issues that are important to organisational success; in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives.

Board assessments on the effectiveness of internal controls and emerging issues are informed by:

- the annual report provided by the Northern Ireland Judicial Pension Board;
- reports to those charged with governance provided by the Northern Ireland Audit Office as part of their annual audit work;
- findings of Internal Audit reviews;
- bi-annual stewardship statements by Heads of Division, agencies and ALBs;
- reports provided by the DARC; and
- feedback from the Information Risk Owners Council and Procurement Governance Board.

The risk management process in the Department is dynamic, with evidence of regular review and re-assessment of risks to identify where risk assessments have increased or decreased, as well as identifying emerging risks to be considered and managed. The Head of Internal Audit attends Audit Committees across the Departmental family and, as a result, is able to provide satisfactory assurance on the active and dynamic operation of effective risk identification and management.

The Department is subject to public expenditure controls, and its expenditure forms part of the Departmental Expenditure Limit and Annually Managed Expenditure. Decisions on allocations to the Department rest within the Executive's agreed allocations and controls. Separate public expenditure controls and Annually Managed Expenditure are in place for the Scheme.

3. Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across the Department which includes:

- management boards;
- audit committees with independent membership;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

There were no Ministerial Directions given during the year.

4. Significant internal control issues

There were no significant internal control issues identified during the year.

5. Accounting Officer statement on assurance

The Department has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by the Department's Internal Audit Services operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and his professional opinion on the level of assurance that he can provide based on the work done. For the 2015-16 year he has provided overall satisfactory assurance.

ASSEMBLY ACCOUNTABILITY**STATEMENT OF ASSEMBLY SUPPLY****Summary of Resource Outturn 2015-16**

		Estimate			Outturn			2015-16 £
Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total Outturn compared with Estimate: saving/(excess)	
Request for Resources A	600,000	(400,000)	200,000	322,000	(348,715)	(26,715)	226,715	
Total Resources SOAS 1	600,000	(400,000)	200,000	322,000	(348,715)	(26,715)	226,715	

Summary of net cash requirement 2015-16

Note	Estimate	Outturn	2015-16 £
			Net Total Outturn compared with Estimate: saving/(excess)
Net cash requirement	SOAS 2	-	-

Summary of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Pension Scheme and is payable to the Northern Ireland Consolidated Fund (cash receipts being shown in italics):

Note	Income	2015-16 £ Forecast Receipts	Income	2015-16 £ Outturn Receipts
Total	SOAS 3	-	400,000	348,715
				319,052

The notes on pages 29 to 39 form part of these accounts.

SOAS 1 Reconciliation of Net Resource Outturn to Net Expenditure

	Outturn	Supply Estimate	2015-16 £ Outturn compared with Estimate
Net Resource Outturn	(26,715)	200,000	226,715
Net Expenditure in Statement of Comprehensive Expenditure	(26,715)	200,000	226,715

SOAS 2 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	2015-16 £ Net Total Outturn compared with Estimate: saving/ (excess)
Net Resource Outturn	SOAS 1	200,000	(26,715)	226,715
Accruals adjustments				
<i>Adjustments to remove non-cash items:</i>				
New provisions and adjustments to previous provisions		(594,000)	(316,000)	(278,000)
Other non-cash items		(6,000)	(6,000)	-
Changes in working capital other than cash		-	-	-
Changes in payables falling due after more than one year		-	-	-
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 3	400,000	348,715	51,285
Net Cash Requirement		-	-	-

The notes on pages 29 to 39 form part of these accounts.

SOAS 3 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Scheme and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2015-16 £		Outturn 2015-16 £	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess Accruing Resources	SOAS 4	-	-	-	-
Other operating income and receipts not classified as Accruing Resources		-	-	-	-
		-	-	-	-
Non-operating income and receipts - excess Accruing Resources		-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS 2	-	<i>400,000</i>	348,715	<i>319,052</i>
Total income payable to the Consolidated Fund		-	<i>400,000</i>	348,715	<i>319,052</i>

SOAS 4 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2015-16 £
Operating income	3	348,715
Income authorised to be Accruing Resources		(348,715)
Operating income payable to the Consolidated Fund	SOAS 3	-

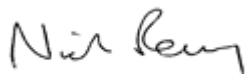
The notes on pages 29 to 39 form part of these accounts.

OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES**Regularity of expenditure*****Losses and Special Payments***

There were no losses or special payments during the year.

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Scheme had no significant remote contingent liabilities during 2015-16 that require disclosure. As per Note 16 to the accounts, there were no contingent liabilities during 2015-16 that require disclosure under IAS 37.

ACCOUNTABILITY REPORT

Nick Perry
Accounting Officer

13 June 2016

CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

I certify that I have audited the financial statements of the Northern Ireland Judicial Pension Scheme for the year ended 31 March 2016 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Report of the Managers, Report of the Actuary and Governance Statement that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report to the Managers, Report of the Actuary and Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2016 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2016 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance (formerly Department of Finance and Personnel) directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Report of the Managers, Report of the Actuary and Governance Statement to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in Report of the Managers, Report of the Actuary and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Report of the Managers, Report of the Actuary and Governance Statement to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

21 June 2016

FINANCIAL STATEMENTS**Statement of Comprehensive Net Expenditure**

For the year ended 31 March 2016

	<u>Note</u>	<u>2015-16</u> <u>£</u>
Income		
Contributions receivable	3	348,715
Transfers in	4	-
Other pension income	5	-
Expenditure		
Service cost	6	(316,000)
Enhancements	7	-
Transfers in	8	-
Pension financing cost	9	(6,000)
Net (expenditure)/income	SOAS 1	<u>26,715</u>
Other comprehensive net expenditure		
Pension re-measurements:		
- Actuarial gain/(loss)	14.7	18,000
Comprehensive net (expenditure)/income for the year ended 31 March 2016		<u>44,715</u>

The notes on pages 29 to 39 form part of these accounts.

Statement of Financial Position

As at 31 March 2016

	Note	2015-16 £
Current assets		
Receivables	11	348,715
Cash and cash equivalents	12	-
Total current assets		348,715
Current Liabilities		
Payables	13	(348,715)
Total current liabilities		(348,715)
Net current assets/(liabilities) excluding pension liability		-
Pension liability	14	(304,000)
Net liabilities, including pension liability		(304,000)
Taxpayers' equity		
General fund		(304,000)
Total taxpayers' equity		(304,000)



Nick Perry
Accounting Officer

13 June 2016

The notes on pages 29 to 39 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2016

	Note	General Fund £
Balance at 1 April 2015		-
CFERs payable to the Consolidated Fund	13	348,715
Comprehensive net expenditure/(income) for the year		(26,715)
Actuarial (gain)/loss	14.7	(18,000)
Net change in Taxpayers' Equity		<u>304,000</u>
Balance at 31 March 2016		<u>304,000</u>

The notes on pages 29 to 39 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2016

	Note	2015-16 £
Cash flows from operating activities		
Net (expenditure)/income for the year		26,715
Adjustment for non-cash transactions		-
(Increase)/decrease in receivables	11	(348,715)
<i>less movement in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		-
Increase/(decrease) in payables - pensions		-
Increase/(decrease) in payables - other payables	13	348,715
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>		(348,715)
Increase/(decrease) in pension provision	14.4	322,000
Use of provisions		-
Net cash outflow from operating activities		-
Cash flows from financing activities		
From the Consolidated Fund (Supply) - current year		-
From the Consolidated Fund (non-Supply)		-
Net financing		-
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		-
Receipts due to the Consolidated Fund which are outside the scope of the Scheme's activities		-
Payments of amounts due to the Consolidated Fund		-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		-
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period		-

The notes on pages 29 to 39 form part of these accounts.

Notes to the Accounts

1. Basis of preparation of the Scheme financial statements

The financial statements of the Scheme have been prepared in accordance with the relevant provisions of the 2015-16 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector. IAS 19 *Employee Benefits* and IAS 26 *Accounting and Reporting by Retirement Benefit Plans* are of particular relevance to these statements.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Scheme to prepare an additional statement - a *Statement of Assembly Supply*. This statement, and its supporting notes, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Northern Ireland Judicial Pension Scheme

The Northern Ireland Judicial Pension Scheme is a contracted out, unfunded, defined benefit pay-as-you-go occupational pension scheme operated by the Department of Justice on behalf of members who satisfy the membership criteria.

Contributions to the Scheme by employers and employees are set at rates determined by the Scheme's Actuary and approved by the Department of Justice. The contributions partially fund payments made by the Scheme, the balance of funding being provided by the Northern Ireland Assembly through the annual Supply Estimates process. The administrative expenses associated with the operation of the Scheme are borne by the employing departments within the Scheme and are reported in their annual accounts.

The financial statements of the Scheme show the financial position of the Northern Ireland Judicial Pension Scheme at the year end and the income and expenditure during the year. The Statement of Financial Position shows the unfunded net liabilities of the Scheme; the Statement of Comprehensive Net Expenditure shows the factors contributing to the net liability analysed between the pension cost and the interest on the Scheme liability. Further information about the actuarial position of the Scheme is dealt with in the Report of the Actuary, and the Scheme financial statements should be read in conjunction with that Report.

The financial statements also have regard to the *Public Service Pensions Act (Northern Ireland) 2014*, the *Public Service Pensions Act (Northern Ireland) 2014 (Judicial Offices) Order (Northern Ireland) 2015*, the *Judicial Pensions Regulations (Northern Ireland) 2015* and the *Government Resources and Accounts Act (Northern Ireland) 2001*.

2. Statement of accounting policies

The accounting policies contained in the *FReM* follow International Financial Reporting Standards to the extent that they are meaningful and appropriate in the public sector context.

Where the *FReM* permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Scheme for the purpose of giving a true and fair view has been selected. The accounting policies adopted have been applied consistently in dealing with items considered material in relation to the Scheme financial statements.

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.2 Contributions receivable

Employers' normal contributions are accounted for on an accruals basis. Employees' contributions, which include amounts paid in respect of the purchase of added years/added pension but which exclude Additional Voluntary Contributions (AVCs), are accounted for on an accruals basis. The increase in the pension liability associated with the purchase of added years/added pension is recognised as expenditure.

2.3 Transfers in and out

Transfers in and out are generally accounted for on a cash basis. However, where the Scheme has formally accepted or transferred a liability, for example in the case of a group transfer, transfers are accounted for on an accruals basis. Transfers in are simultaneously recognised as income and expenditure (i.e. the increase in the pension liability is accounted for at the same time as the associated income). Any material transfers that have been agreed but not settled by the end of the financial year, or which are still under negotiation, are disclosed by way of a narrative note.

2.4 Other pension income

Other income, such as interest on transfer values and pension premiums recovered from employers in the event of early retirement, is accounted for on an accruals basis.

2.5 Current service cost

The current service cost is the increase in the present value of the pension liability arising from employee service in the current period. The cost is based on the discount rate applicable at 1 April 2015, based on the financial and demographic assumptions applying as at 31 March 2015. For this calculation pension increases are assumed to be in line with Consumer Prices Index (CPI) for benefits accrued and are recognised in the Statement of Comprehensive Net Expenditure.

2.6 Past service cost

The past service cost is the change in the present value of the pension liability relating to employee service in prior periods arising in the current period as a result of the introduction of reductions or improvements to retirement benefits.

2.7 Pension financing cost

The pension financing cost is the increase during the period in the present value of the pension liability because the benefits are one period closer to settlement. The interest cost is based on the discount rate applicable at 1 April 2015, based on the financial and demographic assumptions applying as at 31 March 2015 and is recognised in the Statement of Comprehensive Net Expenditure.

2.8 Pension liability

Provision is made for liabilities to pay pensions and other benefits in the future. The pension liability is measured on an actuarial basis using the projected unit credit method and is discounted at the rate applicable at 31 March 2016, being 1.37% real rate (i.e. 3.60% including inflation). Full actuarial valuations by a professionally qualified actuary are required at intervals not exceeding four years in accordance with the requirements of the *FReM*. In the intervening periods the actuary reviews the most recent actuarial valuation at the reporting period date and updates it to reflect current conditions. The pension liability included in these financial statements has been calculated by rolling forward the results of the Judicial Pension Scheme funding valuation as at 31 March 2012, which applies to the Northern Ireland Judicial Pension Scheme under Direction 46 of the *Public Service Pensions (Valuations and Employer Cost Cap) Directions (Northern Ireland) 2014*. *FReM* stipulates that approximate actuarial assessments in intervening years between formal valuations using

updated membership data are accepted as providing suitably robust figures for financial reporting purposes.

2.9 Pension benefits payable

Pension benefits payable are accounted for as a decrease in the Scheme liability on an accruals basis. Pension benefits are treated as payable only from the time that the Scheme itself has accepted liability.

2.10 Pension payments to those retiring at their normal retirement age

Pension payments made to those retiring at their normal retirement age are accounted for as a decrease in the Scheme liability on an accruals basis.

2.11 Pension payments to and on account of leavers before their normal retirement age

Where a member of the Scheme is entitled only to a refund of contributions, the transaction is accounted for as a decrease in the Scheme liability on an accruals basis.

2.12 Lump sums payable on death in service

Lump sum payments payable on death in service are accounted for on an accruals basis. They are funded through the normal pension contributions and are a charge on the pension provision.

2.13 Actuarial gains and losses

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the reporting period date are recognised in the Statement of Comprehensive Net Expenditure.

2.14 Additional voluntary contributions

Additional Voluntary Contributions (AVCs) are deducted from employees' salaries and are paid over directly by the employers to approved AVC providers.

2.15 Impending application of newly issued or not yet effective accounting standards

The Department has reviewed:

- accounting standards, interpretations and amendments to published standards and FReM;
- accounting standards, interpretations and amendments to published standards not yet effective; and
- financial reporting - future developments.

The Department considers that these are not relevant or material to the operation of the Scheme.

3. Contributions receivable

	2015-16
	£
Employers:	
- Normal	298,144
- Purchase of added years	-
Employees:	
- Normal	50,571
- Purchase of added years	-
Other	-
	348,715

£375,000 contributions are expected to be payable to the Scheme in 2016-17.

4. Transfers in

	2015-16
	£
Group transfers in from other schemes	-
Individual transfers in from other schemes	-
	-

5. Other pension income

	2015-16
	£
Refunds of gratuities received	-
Amounts receivable in respect of:	
- Bringing forward the payment of accrued superannuation lump sums	-
- Capitalised cost of enhancement to pensions payable at normal retirement age	-
	-

6. Service cost

	Note	2015-16
		£
Current service cost	14.4	316,000
Past service cost	14.4	-
		316,000

7. Enhancements

	2015-16
	£
Employees:	
- Purchase of added years	-
- Refunds of gratuities	-
Employers:	
- Bringing forward the payment of accrued lump sums	-
- Enhancements to pensions on departure	-
- Enhancements to pensions on retirement	-
	<u>-</u>

8. Transfers in - additional liability

	2015-16
	£
Group transfers in from other schemes	-
Individual transfers in from other schemes	-
	<u>-</u>

Amounts receivable in respect of inward transfers increase the pension liability to the same extent. This increase is reflected in the Statement of Comprehensive Net Expenditure as expenditure as part of the movements in the provision during the year.

9. Pension financing cost

	Note	2015-16
		£
Net interest on defined benefit liability	14.4	6,000
		<u>6,000</u>

10. Additional Voluntary Contributions (AVCs)

There were no AVCs during 2015-16.

11. Receivables - contributions due in respect of pensions

	2015-16
	£
	<hr/>
Amounts falling due within one year:	
Pension contributions due from employers	25,369
Employees' normal contributions	4,294
Capitalised cost of enhancement to pensions payable on departure	-
Other receivables	319,052
Amount due from the Consolidated Fund in respect of supply	-
Amounts falling due within one year	<hr/> 348,715
Amounts falling due after more than one year	-
Total receivables	<hr/> 348,715 <hr/>

Included within these figures is £348,715 that will be due to the Consolidated Fund once the debts are collected.

12. Cash and cash equivalents

	2015-16
	£
	<hr/>
Balance at 1 April	-
Net change in cash balances	-
Balance at 31 March	<hr/> - <hr/>
The following balances at 31 March were held at:	
Government Banking Service	-
Commercial banks and cash in hand	-
Balance at 31 March	<hr/> - <hr/>

13. Payables - in respect of pensions

	2015-16
	£
	<hr/>
Amounts falling due within one year:	
Pensions	-
Overpaid contributions	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:	
- Received	319,052
- Receivable	29,663
Amounts falling due within one year	<hr/> 348,715
Amounts falling due after more than one year	-
Total payables	<hr/> 348,715 <hr/>

14. Pension liability

14.1 Assumptions underpinning the pension liability

The Northern Ireland Judicial Pension Scheme is an unfunded defined benefit scheme. The Government Actuary's Department carried out an assessment of the Scheme liabilities as at 31 March 2016. The Report of the Actuary sets out the scope, methodology and results of the work the actuary has carried out.

The Scheme Manager together with the actuary and the auditor have reviewed, as far as practicable, the range of information that the Scheme Manager should make available to the actuary in order to meet the expected requirements of the Scheme auditor. This information includes, but is not limited to, details of:

- Scheme membership, including age and gender profiles, active membership, deferred pensioners and pensioners;
- benefit structure, including details of any discretionary benefits and any proposals to amend the Scheme;
- income and expenditure, including details of expected bulk transfers into or out of the Scheme; and
- following consultation with the actuary, the key assumptions that should be used to value the Scheme liabilities, ensuring that the assumptions are mutually compatible and reflect a best estimate of future experience.

The key assumptions used by the actuary were:

Financial assumptions:

	At 31 March 2016	At 1 April 2015
Nominal discount rate	3.60%	3.55%
Rate of pension increases	2.20%	2.20%
Real discount rate in excess of:		
Pension increases	1.37%	1.30%

Proposed baseline post retirement mortality assumptions:

	At 1 April 2015 and 31 March 2016
Normal health	
Males	80% of S1NMA mortality
Females	85% of S1NFA mortality
Current ill-health pensioners	
Males	80% of S1NMA mortality
Females	85% of S1NFA mortality
Future ill-health pensioners	
Males	n/a
Females	n/a
Partners	
Males	80% of S1NMA mortality
Females	85% of S1NFA mortality

Life expectancy (normal health retirements):

	At 31 March 2016		At 1 April 2015	
	Men (years)	Women (years)	Men (years)	Women (years)
Life expectancy at age 65				
Current pensioners	25.2	26.8	25.5	27.5
Active members*	27.4	28.9	27.7	29.6

* The life expectancy of members at age 65 will depend on their current age. This table shows the life expectancy from age 65 for active members currently aged 45.

These key assumptions are inherently uncertain, since it is impossible to predict with any accuracy future changes in the rate of salary increases, inflation, longevity or the return on corporate bonds. The actuary uses professional expertise in arriving at a view of the most appropriate rates to use in the annual valuation of the Scheme liabilities. However, the Scheme Manager acknowledges that the valuation reported in these accounts is not certain, since a change in any one of these assumptions will either increase or reduce the liability. For example, on its own, even a small rise in the assumed rate of inflation will result in an increase in the pension liability.

The assumption that has the biggest impact on the amount of the reported liability is the discount rate net of price inflation. As set out in the *FReM*, and as required by IAS 19, the discount rate net of price inflation is based on yields on high quality corporate bonds. The rates are set out in the above table. Any decrease in the discount rate net of price inflation leads to a significant increase in the reported liability.

In accordance with IAS 19 the Scheme Manager is required to undertake a sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. This analysis, including details of the methods and assumptions used in preparing the sensitivity analyses, the limitations of these methods, and the reasons for any changes in methods and assumptions used in preparing the sensitivity analyses, are included in the analysis of the pension liability below.

14.2 Analysis of the pension liability**Present value of the actuarial liability in respect of:**

	2015-16
	£
Pensions in payment	-
Deferred members	-
Active members	304,000
Total liabilities	304,000

Pension Scheme liabilities accrue over employees' periods of service and are discharged over the period of retirement and, where applicable, the period for which a spouse or eligible partner survives the pensioner. In valuing the Scheme liability, the Actuary must estimate the impact of several inherently uncertain variables into the future. The variables include not only the key financial assumptions noted in the table above, but also assumptions about the changes that will occur in the future in the mortality rate, the age of retirement and the age from which a pension becomes payable.

The value of the liability on the Statement of Financial Position may be significantly affected by even small changes in assumptions. For example, if at a subsequent valuation, it is considered appropriate to increase or decrease the assumed rates of inflation or increase in salaries, the value of the pension liability will increase or decrease. The Scheme Manager accepts that, as a consequence, the valuation provided by the Actuary is inherently uncertain. The increase or decrease in future liability charged or credited for the year resulting from changes in assumptions is disclosed in Note 14.4. The note also discloses experience gains or losses for the year, showing the amount charged or credited for the year because events have not coincided with assumptions made for the last valuation.

14.3 Sensitivity analysis

A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period is included below.

Change in assumptions:

		Approximate effect on total liability	
		<hr/>	
Financial assumptions			
(i) discount rate*	+0.5% a year	-13%	-£40,000
(ii) pension increase*	+0.5% a year	+12%	+£36,000
Demographic assumptions			
(iii) additional 1 year increase in life expectancy at retirement*		+3%	+£9,000

* *Opposite changes in the assumptions will produce approximately equal and opposite changes in the liability.*

14.4 Analysis of movements in the Scheme liability

	Note	2015-16 £
	<hr/>	
Scheme liability at 1 April		-
Current service cost	6	316,000
Past service cost	6	-
Pension financing cost	9	6,000
Enhancements	7	-
Pension transfers in	4	-
Benefits payable	14.5	-
Actuarial (gain)/loss	14.7	(18,000)
Scheme liability at 31 March		<hr/> 304,000 <hr/>

During the year ended 31 March 2016, employer contributions represented an average of 38.20% of pensionable pay. For 2016-17 contributions are expected to be £375,000.

14.5 Analysis of benefits paid

	2015-16
	£
Pensions or annuities to retired employees and dependants (net of recoveries or overpayments)	-
Commutations and lump sum benefits on retirement	-
Total benefits paid	-

14.6 Analysis of payments to and on account of leavers

	2015-16
	£
Refunds to members leaving service	-
Individual transfers to other schemes	-
Total payments to and on account of leavers	-

14.7 Analysis of actuarial gain/(loss)

	2015-16
	£
Experience gains/(losses) arising on the Scheme liabilities	7,000
Changes in assumptions underlying the present value of Scheme liabilities	11,000
Total actuarial gain/(loss)	18,000

14.8 History of experience gains/(losses)

	2015-16
Experience gains/(losses) arising on the Scheme liabilities:	
- Amount (£)	£7,000
- Percentage of the present value of the Scheme liabilities	2.30%
Total amount recognised in Statement of Changes in Taxpayers Equity:	
- Amount (£)	£18,000
- Percentage of the present value of the Scheme liabilities	5.92%

15. Financial Instruments

As the cash requirements of the Scheme are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector scheme of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Scheme's expected purchase and usage requirements and the Scheme is therefore exposed to little credit, liquidity or market risk.

16. Contingent liabilities disclosed under IAS 37

There were no contingent liabilities during 2015-16.

17. Related party transactions

The Scheme falls within the ambit of the Department of Justice. The Department is regarded as a related party with which the Scheme has had various material transactions during the year.

In addition, the Scheme has had material transactions with other government departments and other central government bodies whose employees are members of the Scheme namely the Department for Employment and Learning and the Department for Social Development.

None of the Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

18. Events after the reporting date

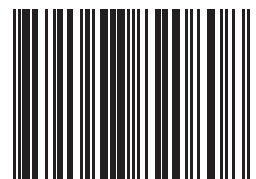
There were no events after the reporting date that required adjustment to or disclosure in these financial statements.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 21 June 2016.

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