The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2026

The Department of Finance make the following directions in exercise of the powers conferred on them by sections 11(2), 12(3), 12(4), 12(4A), 12A(2) and 35(2) of the Public Service Pensions Act (Northern Ireland) 2014(**1**).

In accordance with section 11(4) of that Act, these Directions are made after the Department of Finance has consulted the Government Actuary.

Citation and entry into operation

1. These Directions may be cited as the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2026 and come into operation on the day after the day on which they are signed.

Amendment of the Public Service Pensions (Valuations and Employer Cost Cap) Directions (Northern Ireland) 2023

2. The Public Service Pensions (Valuations and Employer Cost Cap) Directions (Northern Ireland) 2023 are amended as follows.

Amendment of Part 1: General

3. In direction 3(1)—

(1) At the appropriate places in alphabetical order insert—

"“annual allowance charge” has the meaning given by section 227(1) of the Finance Act 2004;

“in-scope tax year” means the tax years from 2019/2020 to 2021/2022 inclusive;

“out-of-scope tax year” means any tax year before 2019/2020;”

(2) in the definition of “prior value of the core cost cap fund”, omit “or reconstructed first cost cap valuation”;

(3) in the definition of “prior value of the economic cost cap fund”, omit “or reconstructed first cost cap valuation”;

(4) omit the definition of “reconstructed first cost cap valuation”.

4. In direction 7, omit paragraph (1).

5. In direction 8(1), omit sub-paragraph (a).

6. In direction 9(1), omit the words from “except” to the end.

7. In direction 15(1), after “made” insert “before 1st April 2026,”.

8. In direction 15(2)—

(1) in sub-paragraph (a), for “4.1%” substitute “2.3%”, and for “8th April 2024” substitute “12th April 2027”;

(2) in sub-paragraph (b), for “0.6%” substitute “2.0%”, and for “7th April 2025” substitute “10th April 2028”;

(3) in sub-paragraph (c), for “0.0%” substitute “2.1%”, and for “6th April 2026” substitute “9th April 2029”;

(4) in sub-paragraph (d), for “0.8%” substitute “2.0%”, and for “12th April 2027” substitute “8th April 2030”;

(5) in sub-paragraph (e), for “1.7%” substitute “2.0%”, and for “10th April 2028” substitute “7th April 2031”.

(**1**) 2014 c.2, as amended by section 92 and section 95 of the Public Service Pensions and Judicial Offices Act 2022.

9. In direction 17(1), after “made” insert “before 1st April 2026,”.

10. In direction 17(2)—

(1) in sub-paragraph (a), for “4.7%” substitute “3.5%”, and for “2024” substitute “2027”;

(2) in sub-paragraph (b), for “1.6%” substitute “2.1%”, and for “2025” substitute “2028”;

(3) in sub-paragraph (c), for “1.7%” substitute “2.1%”, and for “2026” substitute “2029”;

(4) in sub-paragraph (d), for “1.9%” substitute “2.2%”, and for “2027” substitute “2030”;

(5) in sub-paragraph (e), for “2.5%” substitute “2.3%”, and for “2028” substitute “2031; and”;

(6) in sub-paragraph (f), for “2029” substitute “2032”.

11. In direction 18—

(1) in paragraph (a), for “7.6%” substitute “4.0%”, and for “2021”, substitute “2025”;

(2) in paragraph (b), for “4.7%” substitute “6.1%”, and for “2022” substitute “2026”;

(3) in paragraph (c), for “2.8%” substitute “3.2%”, and for “2023” substitute “2027”;

(4) in paragraph (d), for “2.5%” substitute “2.1%”, and for “2024” substitute “2028”;

(5) in paragraph (e), for “1.6%” substitute “2.1%”, and for “2025” substitute “2029”;

(6) in paragraph (f), for “1.6%” substitute “2.2%”, and for “2026;” substitute “2030”;

(7) in paragraph (g), for “1.9%” substitute “2.3%”, and for “2027” substitute “2031; and”

(8) for paragraph (h) substitute “3.8% during each calendar year from 1st April 2031.”;

(9) omit paragraph (i).

12. In direction 19—

(1) in paragraph (a)—

(i) after “31st March 2023”, omit “, and”

(ii) after “1 April 2023” insert “to 31st March 2026, and 2.0% from 1st April 2026”.

(2) in paragraph (b), for “2020” substitute “2022”;

(3) omit paragraph (c);

(4) after paragraph (d), insert— “;

(e) for the purposes of direction 14 and direction 23(1)(d), pensionable payroll must be projected in line with the rates of public service earnings growth set out in direction 18, from the effective date until the end of the 15-year period or 25-year period for health workers and teachers or, for direction 23(1)(d), to such earlier dates as specified in that direction.”

Amendment of Part 2: Valuations and Cost Cap Valuations

13. In direction 22—

(1) in paragraph (1), after “experience of the scheme,”, insert “and where, in the scheme actuary’s opinion, such analysis is appropriate and relevant to the valuation,”;

(2) in sub-paragraph (1)(i), for “members dependants”, substitute “members’ dependants”;

(3) in paragraph (2), after “of that aspect,”, insert “or such analysis would not be appropriate or relevant to the valuation,”.

14. In direction 23(1)(j), after “a summary of”, omit “the”.

15. In direction 28—

(1) in paragraph (2) in sub-paragraph (a) —

(a) for “contributions and”, substitute “contributions,”;

(b) after “values”, insert “and where there is a reduction to a scheme pays debit in relation to an out-of-scope tax year, any annual allowance charge refund that HMRC would have paid had it been in relation to an in-scope tax year"

(2) in paragraph (4)—

(a) at the end of sub-paragraph (d), omit “and”;

(b) in sub-paragraph (e), after “1st April 2023” insert “to the calendar year ending on 31st March 2026”;

(c) after sub-paragraph (e) insert—

“; and

(f) for each calendar year ending on 31st March from the calendar year starting on 1st April 2026, using the rate of increases awarded by order made under article 69 of the Social Security Pensions (Northern Ireland) Order 1975 to official pensions within the meaning of the Pensions (Increase) Act (Northern Ireland) 1971 in the April immediately following the year in question, compounded with 2.0%.”.

16. In direction 33, for “33A”, in both places it occurs (including the heading), substitute “34”.

17. Omit direction 33A.

18. In direction 35—

(1) in paragraph (1), omit “or reconstructed first cost cap valuation”;

(2) omit paragraph (2);

(3) in paragraph (3) omit “Subject to subparagraph (2),”.

19. In direction 36—

(1) in paragraph (1), omit “or reconstructed first cost cap valuation”;

(2) omit paragraph (5).

20. In direction 37—

(1) in sub-paragraph (1)(a), omit “or reconstructed first cost cap valuation” in both places it occurs;

(2) in sub-paragraph (2)(b), omit the words in brackets.

21. In direction 38(1)(a), omit “or reconstructed first cost cap valuation”.

22. In direction 39—

(1) in sub-paragraph (1)(a), omit “or reconstructed first cost cap valuation”;

(2) in sub-paragraph (2)(a), for “directions 35(1) and 35(2)”, substitute “direction 35(1)”.

23. In direction 40—

(1) in paragraph (1), omit “Subject to paragraph (2),”;

(2) for sub-paragraph (1)(ii), substitute—

“(ii) the scheme actuary must calculate A using—

(a) the SCAPE discount rate in force at the current valuation in accordance with direction 19(a),

(b) in relation to the dates specified by the final sub-paragraph of direction 15(2) as it applied on the date that the previous cost cap valuation was signed, the rate of increase of official pensions in the final sub-paragraph of direction 15(2) in force at the current valuation,

(c) in relation to the dates specified by the final sub-paragraph of direction 17(2) as it applied on the date that the previous cost cap valuation was signed, the rate of earnings revaluation in the final sub-paragraph of direction 17(2) in force at the current valuation, and

(d) in relation to each calendar year specified by the final paragraph of direction 18 as it applied on the date that the previous cost cap valuation was signed, the rate of public service earnings growth set out in the final paragraph of direction 18 in force at the current valuation.”.

(3) omit paragraph (2).

24. In direction 42—

(1) omit paragraph (2);

(2) in paragraph (3), omit “and (2)”.

25. In direction 43, after “service”, insert “cost”.

26. In direction 44—

(1) in paragraph (2), for “2%”, substitute “the rate set out in the final sub-paragraph of direction 15(2)”;

(2) in paragraph (4), for “3.8%”, substitute “the rate set out in the final sub-paragraph of direction 17(2)”.

27. In direction 46—

(1) in paragraph (1), omit “Subject to paragraph (2)”;

(2) omit paragraph (2).

28. In direction 47—

(1) in paragraph (1), omit “and (3)”;

(2) in paragraph (2), omit “or reconstructed first cost cap valuation”;

(3) omit paragraph (3).

29. Omit direction 49 (including the headings).

Amendment of Part 2A: Calculating the Employer Cost Cap

30. In direction 50—

(1) for the words from “where” to the end, substitute “where a proposed employer cost cap has not been calculated in a preliminary valuation falling within sub-paragraph (b) of the definition of “preliminary valuation” (see direction 3(1)).”.

Amendment of Part 3: Economic Check

31. In direction 54, in paragraph (2), for “54A”, substitute “55”.

32. Omit direction 54A (including the heading).

33. In direction 55—

(1) in paragraph (1), for “subparagraphs (2) and (3)”, substitute “paragraph (2)”;

(2) in paragraph (2), omit “or reconstructed first cost cap valuation”;

(3) omit paragraph (3).

34. In direction 56—

(1) in paragraph (1), omit “or reconstructed first cap valuation”;

(2) in paragraph (3) —

(a) omit “Subject to paragraph (5),”;

(b) for “**C** is the member contributions”, substitute “**C** is the member contribution yield”;

(3) omit paragraph (5).

35. In direction 57—

(1) in sub-paragraph (1)(a), omit “or reconstructed first cost cap valuation”;

(2) in paragraph (2), omit “(except that the exclusion in (2)(b) does not apply in the case of a scheme providing benefits to local government workers)”.

36. In direction 58(1)(a), omit “or reconstructed first cost cap valuation”.

37. In direction 60—

(1) omit paragraph (2);

(2) in paragraph (3), for “paragraphs (1) and (2)”, substitute “paragraph (1)”.

38. For direction 64, substitute—

“Application of Part 1, Part 2 and Part 3 to local government workers

64. In relation to a scheme providing benefits to local government workers Part 1, Part 2 and Part 3 of these directions apply with the following modifications—

(1) In direction 19, after paragraph (d), insert—

> “(e) when determining the cost cap future service cost in direction 44 and the cost cap contribution yield in direction 45, no members of a scheme providing benefits to local government workers ever have, or ever will, make an election under regulation 12 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014(**2**).”

(2) In relation to the second valuation, subsequent valuations, the second cost cap valuations and subsequent cost cap valuations, in Part 2 of these directions—

(a) references to employer contributions are to be applied by the scheme actuary subject to the assumption that the rate at which all employers had made employer contributions during the inter-valuation period had been at the employer contribution rate disclosed in the previous valuation report or cost cap valuation report, as applicable;

(b) directions 30(1)(b) and (c) do not apply;

(c) directions 31(a) and (b) do not apply;

(d) in direction 32, B is zero; and

(e) in direction 37, the exclusion in sub-paragraph 2(b) does not apply.

(3) In Part 2 of these directions—

(a) in relation to any service before 1 April 2022 of members in scope of the transitional protection remedy, any reference to benefits or liabilities in direction 34, direction 36, direction 38 and direction 40 for any period of service excludes those parts of the benefits or liabilities that relate to the increase in those benefits or liabilities as a result of the provisions made in section 78(1) of the 2022 Act compared to those benefits or liabilities that would have accrued to them in relation to that same period but for that section; and

(b) in relation to direction 36(1) and direction 36(3), the scheme actuary must calculate the core cost cap fund contribution rate so as to reflect the actual experience over the inter-valuation period of elections made under regulation 12 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014, as applicable.

(4) In Part 3 of these directions—

(a) in relation to any service before 1 April 2022 of members in scope of the transitional protection remedy, any references to benefits in direction 56 for any period of service excludes those parts of the benefits that relate to the increase in those benefits or liabilities as a result of the provisions made in section 78(1) of the 2022 Act compared to those benefits or liabilities that would have accrued in relation to that same period of service but for that section;

(b) in relation to direction 56(1) and direction 56(3), the scheme actuary must calculate the economic cost cap fund contribution rate so as to reflect the actual experience over the inter-valuation period

(**2**) S.R. 2014/188

of elections made under regulation 12 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014; as applicable and

(c) in direction 57, the exclusion in sub-paragraph 2(b) does not apply."

Signed

Colette Heaney

A Senior Officer of the
Department of Finance

15 July 2026