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To: Fiona Dunsire, Government Actuary

By email: Fiona.Dunsire@gad.gov.uk

17 November 2026

Dear Fiona,

The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment No. 2) Directions (Northern Ireland) 2026

1. In accordance with section 11(4) of the Public Service Pensions Act (Northern Ireland) 2014 (the "2014 Act"), I am writing to seek your professional opinion on the draft Public Service Pensions (Valuations and Employer Cost Cap) (Amendment No. 2) Directions (Northern Ireland) 2026 (the "Amendment No. 2 Directions").

2. Section 11(2) of the 2014 Act enables the Department of Finance (DoF) to make Directions regarding valuations of public service pension schemes established under the 2014 Act, together with relevant connected schemes. Section 12(3) of the 2014 Act also enables DoF to make Directions setting out how employer cost caps are to be determined and how changes in scheme costs are to be measured.

3. DoF made The Public Service Pensions (Valuations and Employer Cost Cap) Directions (Northern Ireland) 2023 on 3 October 2023 (the "2023 Directions"). These Directions replaced the Public Service Pensions (Valuations and Employer Cost Cap) Directions (Northern Ireland) 2014 following the substantial amendments required to support the 2020 valuations of the Northern Ireland public service pension schemes.

4. On 15 July 2026, DoF made The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2026 to make the changes required for the 2024 valuations.

5. Following the making of those Directions, it was identified that a provision had been omitted in error. This omission removed a longstanding, intentional carve-out, in place since the original valuation Directions were introduced in 2014, which disapplies any requirement to produce employer contribution rate information as part of the Local Government Pension Scheme (Northern Ireland) [LGPS(NI)] valuation process under the DoF Directions. In the LGPS(NI) the employer contribution rate is set by a separate actuarial process which is wholly without the remit of the DoF Directions.

6. This omission did not reflect any intended change in policy, was identified before any valuation of the LGPS(NI) had been finalised, and no material practical consequences have arisen.

7. The purpose of the Amendment No. 2 Directions is therefore to restore the position that has applied since the introduction of the valuation Directions in 2014. The proposed amendment simply corrects the omission and restores the original policy position. It will have no other material consequence and is consistent with the DoF objective to review the Directions before each valuation round to ensure that they remain fit for purpose.

8. DoF will also review the circumstances surrounding the omission to identify any opportunities to strengthen its existing quality assurance arrangements and reduce the risk of a similar error occurring in future.

9. A draft of the proposed Amendment No. 2 Directions is attached at **Annex A**. It has been scrutinised and approved by the Departmental Solicitor's Office.

10. DoF has discussed the proposed amendment with the departments responsible for the devolved public service pension schemes in Northern Ireland and other interested stakeholders, including recognised Trade Unions.

11. I would be grateful if you could offer your professional opinion on the proposed Amendment No.2 Directions. In particular, I would welcome your view on whether the amendment appropriately restores the intended operation of the Directions.

12. I would also welcome any comments GAD may have on opportunities to further strengthen the existing processes supporting the development and review of future valuation Directions.

13. If you require any further information, please do not hesitate to contact me.

Yours sincerely,



Colette Heaney
Director of Pensions Division

ANNEX A

The Public Service Pensions (Valuations and Employer Cost Cap) (Amendment No.2) 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

These Directions may be cited as the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment No.2) 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

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

Application of Part 2 to local government workers

After Direction 64 insert—

"64A.— In relation to the second and subsequent valuations and cost cap valuations of a scheme providing benefits to local government workers, Part 2 of these Directions applies with the exception of Directions 24 and 26 to 32."

Signed

A Senior Officer of the
Department of Finance

Date

DRAFT

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