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Ms Alison Millar  
TUS Co-Chair for CCWG  
via email: [Alison.millar@nipsa.org.uk](mailto:Alison.millar@nipsa.org.uk)

Dear Alison

## **THE PUBLIC SERVICE PENSIONS (VALUATIONS & EMPLOYER COST CAP) (AMENDMENT) DIRECTIONS (NI) 2021**

### **Purpose**

1. In accordance with section 11(5) of the Public Service Pensions Act (Northern Ireland) 2014 the purpose of this letter is to consult with you on the enclosed draft of: *the Public Service Pensions (Valuations & Employer Cost Cap) (Amendment) Directions (NI) 2021*.

### **Background**

2. At the CCWG meeting on 10 February 2021, we discussed proposals for DoF directions concerning the completion of the 2016 cost cap valuations. Members were also informed that I anticipate that any ceiling breaches of the cost cap, which occur as a consequence of the reworked 2016 cost cap valuations, will be waived. Conversely, any scheme breach of the cost cap floor arising from the reworked 2016 valuations will be implemented.
3. These proposals reflect developments for the equivalent schemes in GB. On 4 February 2021, HM Treasury announced that there should not be reductions to member benefits as a result of completing the process for the 2016 valuations, particularly based on a mechanism that may not be working as originally intended and which is currently undergoing review.

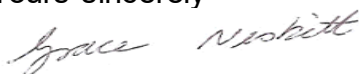
## **The Public Service Pensions (Valuations & Employer Cost Cap) (Amendment) Directions (NI) 2021**

4. The Department of Finance has responsibility under sections 11 of the Public Service Pensions Act (Northern Ireland) 2014 to make directions on valuations and cost control for public service schemes within scope of that Act.
5. The draft *Public Service Pensions (Valuations & Employer Cost Cap) (Amendment) Directions (NI) 2021* amend the original 2014 valuation and cost cap directions. They will implement the 'un-pausing' of the cost cap and the related assessment and processing of costs and liabilities arising from remedy period benefits which will now be payable as a consequence of changes to the transitional arrangements to remove unlawful age discrimination in devolved schemes.
6. Related changes in the draft directions include:
  - Updates to terms and definitions at part 1 of the original directions;
  - Insertion of revised requirements on content and completion of cost cap valuation reports and comparison with employer cost cap;
  - New definitions of transitional protection remedy and post-remedy benefits based on the proposed implementation of the deferred choice underpin;
  - changes to cater for actuarial certification of breach rectification decisions should there be a floor breach,
  - directions to expand the cost cap valuation report disclosure requirements.

### **Next steps**

7. I am keen to engage fully with TUS on this matter and to provide any further information or assistance to that would be helpful to aid understanding. As these directions deal with technical matters, I have made arrangements for a representative from the Government Actuary's Department to be in attendance at our next meeting of CCWG on 30 March 2021 to provide an overview of the rationale and detail of the draft content and to field any questions you and TUS colleagues may have.
8. I have also included with this letter a presentation prepared by the Government Actuary's Department on the cost cap process, including the stages for calculation and reporting of costs, which the Directions will implement.
9. In line with our previous discussions on length of consultation I would be grateful to receive your views and comments on the enclosed amending Directions by 14 June 2021.

Yours sincerely



**GRACE NESBITT**  
Director of Pensions Division