

Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2018

Department of Finance response to the consultation

17 December 2018

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1. EXECUTIVE SUMMARY

- 1.1. The Department of Finance (DoF) is responding to the consultation on the draft Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2018 (the Directions). In line with the requirements for consultation under sections 11(5) & 12(10) of the Public Service Pensions Act (Northern Ireland) 2014 (the Act), the Department formally consulted with representatives of public service employees and scheme members between 10 September 2018 and 19 October 2018.
- 1.2. This response document has been published on DoF's website at: <https://www.finance-ni.gov.uk/topics/finance/public-service-pensions-policy-and-legislation>
- 1.3. Fifteen responses were received to the consultation. A full list is provided at **Annex A**. DoF is grateful to all those who provided comments, on what is a complex and technical area.
- 1.4. The majority of comments concerned the potential effects of the revised assumptions which schemes are required to use to complete 2016 valuations. The main themes which respondents commented on were:
 - Effect of the change in SCAPE discount rate to 2.4%;
 - Revised assumptions on earnings growth, post retirement mortality and commutation;
 - Operation of the cost cap mechanism;
 - Review of the cost cap mechanism; and,
 - Quadrennial valuation cycle.
- 1.5. In responding to comments DoF is conscious that the changes to the main fiscal and demographic assumptions in these Directions are driven by the production of updated forecasts published by the Office for Budget Responsibility (OBR) and Office for National Statistics (ONS) for the whole of the UK generally. The DoF view is that it is in line with the principles for the original Directions, including no bias, consistency, and review that these technical updates must be applied to ensure scheme assets and liabilities continue to be valued accurately and in line with the policy objectives of the main Directions.
- 1.6. The consultation document advised that there were a small number of additional NI scheme specific issues which would require further minor changes to the draft Directions. These issues have been finalised and

additional amendments have now been incorporated, at amending Directions 14 and 30 respectively, to:

- ensure direct rule legacy costs attributable to the Patten Severance Scheme will not negatively impact on the past service contributions in the valuation for the Police Pension Scheme; and,
- adjust the notional assets fund for the Health & Social Care Pension Scheme to address data inconsistencies arising between the 2012 and 2016 valuations.

1.7. Respondents to the consultation welcomed some of the changes including the proposal to align the valuation cycle for the Local Government Pension Scheme (NI) with the quadrennial cycle already operating for the unfunded schemes. This is in keeping with the general framework aim of the Directions to promote comparability and consistency across schemes.

1.8. Some respondents raised general points on the overarching policy for the cost cap. Given that significant cost cap floor breaches are indicated in provisional results across the schemes, HM Treasury has announced that it will commission a review of the cost cap mechanism to ensure it is operating as intended. Respondents commented that it will be important to clarify the position for NI and made clear that NI stakeholders should have input in any review process.

1.9. Having considered all responses to the consultation, the Department remains of the view that these proposed amendments are mainly technical in nature and represent necessary updates in line with revised published economic and demographic forecast data so that schemes continue to be accurately valued in line with the principles of the original Directions.

2. BACKGROUND

- 2.1.** Under section 11(2) of the Public Service Pensions Act (Northern Ireland) 2014, DoF is required to deliver Directions on actuarial valuations and cost control to Northern Ireland Departments with responsibility for the devolved public service pension schemes. The Directions are designed to provide a consistent and common approach on the scheme valuation process, and manage future cost risks for public service employers and the taxpayer.
- 2.2.** The original Directions issued on 26 November 2014 aim to ensure consistency in:
- how valuations should be carried out, including when the valuation is to be carried out;
 - the time periods over which a valuation will measure a scheme's assets and liabilities;
 - the matters that must be covered by the valuations; and,
 - the data, methodology and assumptions to be used in valuations.
- 2.3.** One of the key principles for the 2014 Directions was to ensure they were kept under review and updated in line with changes and developments in policy and relevant assumptions.
- 2.4.** This consultation relates to draft amending Directions. The proposed amendments will update the original Directions to reflect changes in demographic projections and economic assumptions. In the main these are drawn from updated fiscal and demographic data published by ONS in October 2017 and in the OBR's economic and fiscal outlooks published between November 2017 and July 2018. NI schemes are currently undertaking valuations based on the content of these draft amending Directions.
- 2.5.** This is the first time the cost cap mechanism in the Directions has been tested. Provisional results indicate cost cap floor breaches across the schemes. When the Valuations are finalised and these breaches are confirmed, responsible departments must take decisions on how to rectify these breaches. Breaches of the cost cap floor can be broadly attributed to revisions in forecasts for pay growth and future life expectancy.
- 2.6.** The main proposed changes in the draft amending Directions include:

- change in SCAPE Discount Rate: the SCAPE Discount Rate revised downward to 2.4% above CPI, in line with the OBR July 2018 Fiscal Sustainability Report (confirmed at Budget 2018);
- updated assumptions about earnings growth, pension increases, pension commutation, and assumed mortality;
- changes to the types of information which must be disclosed in scheme valuation reports;
- a new certification process which scheme actuaries must use when a scheme cost cap breach is reported; and,
- additional minor adjustments which address scheme specific issues.

2.7. HM Treasury has now made Directions for equivalent public service pension schemes in GB under the equivalent Westminster Act. Provisional results for GB schemes indicate comparable breaches of the cost cap floor across schemes.

3. CONSULTATION PROCESS

- 3.1.** DoF formally consulted with representatives of public service employees and scheme members on the draft Directions between 10 September 2018 and 19 October 2018.
- 3.2.** A consultation letter, together with the draft Directions, an accompanying technical annex, and a briefing paper prepared by the Government Actuary Department for the attention of Scheme Advisory Boards (SABs) was issued directly to the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU).
- 3.3.** NIC-ICTU comprises representation from trade unions for public service employments affected by the Public Service Pensions Act (Northern Ireland) 2014 under which these Directions are made. DoF has been engaged in discussions and consultation with NIC-ICTU on Directions at the Collective Consultation Working Group (CCWG) which is the recognised forum for consultation on public service pension policy and legislation since January 2013.
- 3.4.** Employer representatives for each of the schemes are also represented at CCWG and were invited to contribute to the consultation. The consultation was published on the DoF website at: <https://www.finance-ni.gov.uk/publications/public-service-pensions-valuations-and-employer-cost-cap-amendment-directions-northern-ireland-2018>
- 3.5.** Member representatives for the Police Pension Scheme and the NI Judicial Pension Scheme do not currently attend CCWG and DoF wrote separately to the Lord Chief Justice of Northern Ireland, the Police Federation for Northern Ireland, the PSNI Chief Officer Association, and the PSNI Superintendent Association to alert members of both those schemes to the consultation.
- 3.6.** Public service pension scheme representatives on the interdepartmental Northern Ireland Public Service Pensions Group (NIPSPG) were also directly alerted to the consultation.
- 3.7.** DoF completed a policy screening exercise for the draft Directions. The policy screening document is available on DoF's website at: <https://www.finance-ni.gov.uk/publications/policy-screening-template-public-service-pensions-valuations-and-employer-cost-cap-amendment>

4. ISSUES RAISED

4.1. Main issues raised by respondents to the consultation are listed below. A full list of respondents can be found at Annex A.

- SCAPE Discount Rate

- Employer Costs

- Additional Fiscal & Demographic Assumptions
 - Earnings Growth
 - Post-retirement Mortality
 - Commutation

- Scheme Specific issues
 - Valuation Cycle
 - Payments as a consequence of Milne v GAD

- Operation of the Employer Cost Cap

- Consultation

- Other Issues
 - Review of Cost Cap
 - Rectification of Cost Cap breaches
 - Tax Issues
 - Protected Elements

4.2. DoF commentary and responses on the main issues are given in the next section.

5. DOF RESPONSE

SCAPE DISCOUNT RATE

- 5.1.** The predominant issue which featured in responses to the consultation was the SCAPE discount rate. A number of respondents highlighted that the rate should not have been reviewed until 2021 and has now been revised out of cycle.
- 5.2.** Respondents also commented on the effect of the revision of the discount rate on future employer costs.
- 5.3.** When the SCAPE discount rate was reviewed in 2011 the Westminster Government committed to subsequent reviews of the rate every five years. It also retained the option for additional out-of-cycle reviews if deemed necessary in the event of a significant change in long-term growth forecasts. The Budget of 16 March 2016 announced the outcome of the first five yearly review and the rate was revised from 3.0% to 2.8% above CPI inflation in line with the OBR long term forecast for GDP at that time.
- 5.4.** HM Treasury's rationale for the latest change is based on its revised assessment of the current economic climate and in particular revised forecasts for GDP documented in the July 2018 OBR Fiscal Sustainability Report. The Government's view is these conditions warrant such a review outside of the normal cycle. The revision to 2.4% was announced in Budget 2018 on 29th October and applies for the whole of the UK.
- 5.5.** The SCAPE discount rate is used to ensure the cost of future pensions are fairly reflected in current employer contributions. It is crucial that the Directions reflect the current published rate to ensure schemes are accurately valued and the contribution rates set now fully account for the cost of pensions to be paid in the future.

EMPLOYER COSTS

- 5.6.** Concerns about the increase in employer costs in relation to the Government's change to the discount rate was one of the main features of responses to the consultation. In general, respondents sought more information on how these employer cost increases will be funded. Reassurance was sought that HM Treasury would fully fund the extra unexpected costs and public services protected. Some employers expressed general concern that the pension schemes are becoming too expensive for employers to operate.

- 5.7.** As outlined above, the change in the discount rate from 2.8% to 2.4% to which these increased costs are attributable, is a centrally set Government assumption which must be reflected in Directions to ensure that current employer contributions adequately fund future pensions in payment.
- 5.8.** The Government has acknowledged the change in the discount rate will lead to unexpected increases in scheme employer costs. In Budget 2018 it announced an additional £4.7 billion to support schemes in meeting these unexpected costs in 2019/20. DoF officials are currently engaged with HM Treasury officials on the appropriate allocation for NI Departments. The Spending Review next year will consider the funding for costs arising from the valuations beyond 2019-20.

ADDITIONAL FISCAL & DEMOGRAPHIC ASSUMPTIONS

Future earnings growth

- 5.9.** The main TUS response to the consultation noted the revised fiscal assumptions for earnings growth, pensions increase etc. but reserved further comment pending the outcome of any future review of the cost cap mechanism. Some other respondents highlighted perceived disparities between central assumptions and their own experience of pay growth across different employers.
- 5.10.** The Government's approach to the long-term earnings growth is derived from the OBR's growth forecasts for the whole UK economy. The assumptions specified for public earnings growth are taken from the March 2018 OBR forecast – and represent the growth in paybill per head for Government employment. The forecasts incorporate both announced pay policy and drift in paybill per head, arising from other changes such as shifts in workforce composition. Whilst there may be differing experiences among some employers for pay growth, the centrally published data is used to ensure consistency in line with the principle in the original Directions that where different scheme workforces have different characteristics then there should be consistency in the way that assumptions are set.
- 5.11.** One of the other main principles of the Directions is to ensure the assumptions used, including those for earnings growth, are kept under review. The DoF view is that these changes are a necessary consequence of the review of fiscal assumptions to ensure schemes continue to be accurately and consistently valued across the public sector.

Post-retirement mortality

- 5.12.** A limited number of comments were received on the assumptions for post-retirement mortality. Some respondents highlighted that their scheme experience indicates that some members were living significantly longer than the general ONS figure for the whole population of the UK. Another response highlighted the additional discrepancies that can occur across the available data citing the example of the 'golden cohort' (this a demographic group born between 1925 and 1934 which has illustrated particular characteristics for longevity).
- 5.13.** The amendments to assumptions about post-retirement mortality in the Directions are technical updates in line with the latest published ONS data. Whilst some respondents have commented that individual scheme experience may vary within the context of the general population experience, these experiences do not constitute consistent and clearly reliable trends and the latest ONS principal population projections continue to provide the most consistent reliable and comprehensive assessment for the purposes of assumptions used in the Directions.

Commutation

- 5.14.** The Directions include assumptions about the percentage level of lump sum commutation uptake across schemes. Amending Direction 11 revises the assumption from 15% to 17.5%. One scheme manager commented that this did not reflect his/her own scheme experience, which was higher.
- 5.15.** In the original 2014 Directions, it was decided that the assumption about commutation in the new schemes (which do not provide an automatic lump sum) should be centrally directed. This was because the majority of experience of retirements in the public service schemes until 2015 is from schemes which do have automatic lump sums and there was no real evidence available to determine how much pension people are likely to commute in the new schemes. This revision to 17.5% is based on the still limited evidence from the new 2015 schemes, drawn from cross scheme 2016 valuation data. It is recognised that there are still outliers and potentially a lack of consistency in actual experience across the schemes. For this reason it is reasonable to place reliance on the wider pool of experience in setting this assumption given the very limited number of years over which the commutation option has been available in its present form in the new schemes.

SCHEME SPECIFIC ISSUES

Valuation Cycle – Local Government Pension Scheme (Northern Ireland)

- 5.16.** Comments made on the amendment to align the fund valuation cycle for the LGPS(NI) (every three years), with the four yearly valuation cycle for the other unfunded schemes generally welcomed this change.
- 5.17.** The alignment of valuation cycles is expected to minimise complication, assist with comparability across schemes and increase consistency, in line with the intent of the original 2014 Directions. Alignment of the LGPS(NI) fund valuation with the cost cap valuation under the Directions should also have the effect of improving data reliability as the two valuations will no longer be carried out at a different time.
- 5.18.** One comment highlighted a side benefit of alignment of the LGPS(NI) fund valuation will be improved consistency in collation and provision of up-to-date scheme data to DoF to the same timelines as other schemes for the purpose of the review of the effects of the 2014 Act which is a requirement of section 10(9) of the Act.

Payments as a consequence of Milne v GAD

- 5.19.** One respondent commented that proposed changes at amending Directions 14 & 15 which take account of payments which were made to retired Police officers, (members of the Firefighters Scheme also received payments), and as a consequence of the Milne v GAD litigation should be fully excluded from reckoning toward the employer contribution rate in the Police Pension Scheme.
- 5.20.** These payments represent additional lump sum amounts which should have been paid at the time of members' retirement. Had they been correctly paid at the time they would have been attributed as past service costs as part of the normal scheme valuation process. In line with the principle for completeness it is appropriate that they are now accounted for as past service employer cost. It can be noted that as these costs relate to retirements before the introduction of the new 2015 schemes they do not impact calculations for the employer cost cap.
- 5.21.** One additional adjustment has been made to how these Milne v GAD costs to retired Police Officers are treated in the Directions. An amendment is now included to ensure that any element of these payments directly

attributable to the Patten Severance Scheme *are* excluded as a past service cost for purposes of calculating the employer contribution rate in the Police Scheme valuation.

5.22. The Patten Severance Scheme was a key feature of the 1998 Good Friday Agreement. It resulted from decisions taken under Direct Rule to advance 50/50 recruitment to the Police Service as part of the agreed devolved settlement for Northern Ireland. This was funded by HM Treasury as part of the UK Government's objectives for the 1998 Agreement. Additional wording has been incorporated at amending Direction 15 to specify that this sub-set of costs resulting from *Milne v GAD* will not reckon as a past service cost in the Police Pension Scheme valuation. HM Treasury has agreed this approach.

Notional assets for the Health and Social Care Scheme

5.23. An additional change is also now added at amending Direction 30 which increases the notional asset value for the Health and Social Care Scheme. This adjustment addresses an unattributed cost strain identified by the scheme actuary as a consequence of data inconsistencies between the 2012 and 2016 valuation datasets for the scheme. HM Treasury has agreed the approach for this additional change. It is consistent with the treatment of similar data issues in the Civil Service pension scheme in Great Britain, which are addressed in the equivalent HM Treasury Directions by means of a comparable adjustment to the notional asset value for that scheme.

OPERATION OF EMPLOYER COST CAP

5.24. The amending Directions introduce a new process for the actuarial certification of a cost cap breach and how it is rectified. There were no specific comments on this particular amendment but respondents did offer comment on the operation of the cost cap mechanism generally.

5.25. The introduction of a cost cap mechanism for schemes was a central recommendation of the Final Report of Lord Hutton's Independent Public Service Pensions Commission, (published in March 2011), intended to protect the taxpayer and ensure scheme costs are shared equitably between employers and employees.

5.26. Some respondents to the consultation expressed the view that the current cost cap mechanism delivered by the Directions is not appropriate for the funded schemes, i.e. the LGPS(NI), as the approach to protecting public

funds does not apply in the same terms as for the unfunded schemes, and that in a funded scheme the effect of rectifying a cost cap floor breach by improving scheme benefits results in increased scheme costs and pressures for the fund.

5.27. It can be noted that Lord Hutton recommended that the common features laid out in his final report, including those for cost control, should apply to the Local Government Schemes (recommendation 15).

5.28. It can be acknowledged that there are some differences in scheme design between the funded Local Government Scheme in NI and the comparable scheme in GB which incorporates an internal scheme level cost control mechanism, the operation of which can precede the impact of any cost control action under Directions. As this is the first time the cost cap has been tested in schemes the Government has announced it intends to review the mechanism generally to ensure it is operating correctly and meeting original policy objectives. This review will provide an opportunity for issues which concern the funded schemes, and particularly effects of the cost cap to be raised.

5.29. One respondent to the consultation commented on a perceived discrepancy between the level of the employer cost cap which is to be set in scheme regulations, and the actual contribution rate paid by employers, and which may be higher. It is expected that the employer cost cap figure given in scheme regulations will differ from the contribution rate paid by employers. The calculations used to determine the employer cost cap involve a specific sub-set of scheme costs. The level at which the cap is originally set is based on an assessment of only the future service costs of the new schemes. It does not take into account any past service costs that had arisen in the pre-2015 schemes due to previous over or under estimation of costs before those schemes closed. This means that the level of the cap in scheme regulations is likely to be different from the employer contribution rate actually paid.

CONSULTATION

5.30. A number of respondents expressed the view that there should be direct engagement with employers on amendments, in particular on the SCAPE Discount rate and also with SABs on scheme specific matters.

5.31. DoF has been regularly engaged with employer representatives on Directions and scheme valuations generally at its interdepartmental forums; the Northern Ireland Public Service Pensions Group (NIPSPG) and

Collective Consultation Working Group (CCWG). The latter grouping is the recognised forum for consultation on central pension policy issues with representation constituted of employee and employer representatives who are in some cases also members of SABs.

5.32. DoF does acknowledge that the multi-employer schemes may face additional logistical challenges in ensuring that all individual employers are fully updated on policy developments, including on the Directions. An important function of CCWG and NIPSPG is that both these groups provide representation for multi-employer schemes who are expected to manage further internal information exchanges for their scheme employers. It would be impracticable for DoF, and outside the remit of the terms of reference of CCWG and NIPSPG, to attempt to liaise individually with all employers across each of the Departments.

5.33. In addition to the engagement at CCWG and NIPSPG, DoF officials have also co-ordinated several rounds of meetings with senior officers of employing Departments with responsibility for each of the main schemes to discuss the proposed Direction amendments, including: the anticipated effects of the SCAPE Discount Rate; the potential effects for scheme valuations and employer costs and arrangements for handling cost cap breaches. It can be noted that, in most cases, these senior officers are also represented at the SAB for each scheme.

OTHER ISSUES

Review of Cost Cap

5.34. Although not part of this consultation, some respondents commented on HM Treasury's announcement for a review of the cost cap mechanism. HM Treasury has concerns that the cost cap mechanism is not operating in line with original policy objectives. The review will be completed in time for the next round of valuations. It will not impact on the results or outcomes for the current valuations, and this was welcomed by a number of respondents.

5.35. The main TUS response commented that the proposal for a review would not have arisen if the cost cap ceiling had been breached. TUS also sought confirmation as to whether a separate NI review would be undertaken.

5.36. When the cost cap policy was introduced, the Government explicitly stated it would need to be kept under review. It was not expected that it would be triggered under normal conditions. Given that the process has been triggered at the first examination, and in the absence of any obvious

extraordinary contributory event, the Government believes it is appropriate to re-examine whether the mechanism has been implemented in a way that delivers policy objectives.

- 5.37.** DoF does not currently propose a separate review of the cost cap mechanism in NI. With the exception of limited modifications that have been made to account for scheme specific issues for the NI schemes the broad policy underpinning the NI Directions is consistent with that implemented by HM Treasury for the GB schemes. It is anticipated that any proposed changes to the operation of the mechanism following the HM Treasury central review will be reflected in its Directions. In line with the principle for review, DoF will consider any proposals emerging from the review with reference to their applicability for the NI Directions and consult on any proposed changes in line with the requirements of the Act.
- 5.38.** DoF has highlighted to HM Treasury that the review of the cost cap mechanism is a subject matter where NI stakeholders will have a legitimate interest. The expectation is to facilitate NI input into the central review.

Rectification of cost cap breaches

- 5.39.** Similarly although not strictly part of the consultation, some respondents submitted views on how cost cap breaches arising from the current valuations should be rectified. These breaches trigger a process for responsible Departments and their SABs to consider options for schemes to rebalance costs. SABs and Departments have already commenced consideration of various approaches with the aim of reaching agreement. In the absence of agreement the default position in regulations across all schemes is that a cost cap breach is rectified by an adjustment in the scheme accrual rate.

Tax issues

- 5.40.** Another point raised in relation to decision making on rectifying the cost cap concerned the effects of taxation policy. Some respondents commented that, depending on the remedy for addressing the breach of the cost cap, there may be implications for higher earners where an improvement in the scheme accrual rate can mean they are more likely to be impacted by the Annual Allowance and Life Time Allowance. Whilst the effects of the tax regime for pensions is an issue some Departments may wish to consider in its decision making process, DoF would only note that tax policy remains a reserved matter within the remit of HMRC and DoF and the other Departments have no discretion in how it should apply.

Protected elements

- 5.41.** One respondent expressed concern that there should be no negative impacts for the 'protected elements' provided for in the Act.
- 5.42.** Section 22 of the Act provides that, in certain circumstances where a responsible authority proposes to make a change to certain protected elements of scheme design, - these are: *member contribution rates; scheme accrual rates, and the extent to which the scheme is of a 'career average' design*, this can trigger a higher consultation requirement.
- 5.43.** The Act makes clear that the circumstances which would trigger a higher consultation requirement on protected elements do not include scheme changes which occur as a consequence of the operation of the cost cap mechanism. In this respect, proposals to improve the members' accrual rate to rectify the breaches are wholly within scope of acceptable cost cap action.

6. CONCLUSION AND NEXT STEPS

- 6.1.** DoF acknowledges the useful contributions made to the consultation exercise and notes concerns from stakeholders in relation to unexpected increase in costs to employers as a consequence of the revision to the Discount Rate and also on how cost cap breaches are handled. DoF has relayed to HM Treasury its own concerns about the pressures increased employer costs may potentially create for departments and public services here, and continues to engage on the level of additional funding that will be provided by the Exchequer.
- 6.2.** In relation to how the cost cap breaches will be addressed, it can be noted that the outcome of these valuations will be positive for scheme members with improvements in scheme benefits being implemented in line with the full operation of the cost control mechanism as it is currently formulated. The proposed review of the cost cap mechanism will not affect these outcomes. DoF acknowledges the points raised regarding the review of the mechanism and will continue to liaise with HM Treasury to ensure NI input will be fully considered.
- 6.3.** Notwithstanding these points which relate to the out-workings of the valuations, DoF maintains the view that the changes proposed in these amending Directions are technical in nature. These are necessary updates which have arisen as a consequence of revised published economic and demographic forecast data to ensure that schemes continue to be accurately valued and costed in line with the principles of the original Directions.

Next Steps

- 6.4.** In accordance with section 11(4) of the Public Service Pensions Act (Northern Ireland) 2014, DoF has consulted with the Government Actuary on these draft amending Directions before they are made. The Government Actuary has indicated that he is content that the proposed amendments will deliver results which meet the stated objectives for Directions on valuation and cost control in the public service schemes.
- 6.5.** DoF will now proceed with the making of the Public Service Pensions (Valuations and Employer Cost Cap) (Amendment) Directions (Northern Ireland) 2018.
- 6.6.** The Directions are not subject to Assembly procedure. They take effect upon signature of a senior officer in the Department of Finance.

6.7. When made they will become available on the DoF website at: <https://www.finance-ni.gov.uk/topics/finance/public-service-pensions-policy-and-legislation>

List of responses received to the consultation

The Department of Finance received submissions to the consultation from the following Trades Unions, Employers and Scheme Advisory Boards.

- The Education Authority
- Fermanagh and Omagh District Council
- Fire Brigades Union
- Firefighters' Pension Scheme Advisory Board
- Friends School Lisburn
- Health and Social Care Pension Scheme Advisory Board
- Irish National Teachers' Organisation
- National Association of Schoolmasters Union of Women Teachers
- Northern Ireland Committee of the Irish Congress of Trade Unions*
- Northern Ireland Local Government Officers Superannuation Committee
- Northern Ireland Teachers' Council
- Police Service of Northern Ireland
- South Eastern Health and Social Care Trust
- Superintendents' Association of Northern Ireland
- Translink

* Northern Ireland Committee of the Irish Congress of Trade Unions is the recognised trade union grouping providing collective trade union representation for all public service employments within the remit of the Public Service Pensions Act (Northern Ireland) 2014.

GLOSSARY –

Discount rate: A discount rate is the rate at which a future payment or stream of payments is converted into a single value today.

Employee contribution rates: The percentage of their pensionable salary that employees pay as a contribution towards their benefits from a pension scheme.

Employer contribution rates: The percentage of the salary of employees that employers pay as a contribution towards the employees' pension.

Funded pension schemes: Pension schemes in which pension contributions are paid into a fund that is invested and pension benefits are paid out of this fund.

Independent Public Service Pensions Commission (IPSPC): An independent commission undertaking a fundamental structural review of public service pension provision which reported to Government on 10 March 2011.

Public service pension schemes: Pension schemes authorised by statute provided for public service employees by the relevant employer. The main schemes are those for civil servants, the armed forces, NHS employees, teachers, local government employees, the police and firefighters.

SCAPE discount rate: The discount rate used to set contribution rates for the unfunded public service pension schemes under Superannuation Contributions Adjusted for Past Experience.

SCAPE methodology: (Superannuation Contributions Adjusted for Past Experience) Methodology used to set contribution rates for the unfunded public service pension schemes.

Unfunded pension scheme: Public service pension schemes which are not backed by a pension fund. Instead Exchequer income is used, along with contributions, to pay current pensions