2014 CHAPTER 2

Cost control

Valuations

11.—(1) Scheme regulations for a scheme under section 1 which is a defined benefits scheme must provide for actuarial valuations to be made of—

(a) the scheme, and

(b) any statutory pension scheme that is connected with it.

(2) Such a valuation is to be carried out in accordance with directions given by the Department of Finance and Personnel.

(3) Directions under subsection (2) may in particular specify—

(a) how and when a valuation is to be carried out;

(b) the time in relation to which a valuation is to be carried out;

(c) the data, methodology and assumptions to be used in a valuation;

(d) the matters to be covered by a valuation;

(e) where a scheme under section 1 and another statutory pension scheme are connected, whether the schemes are to be valued separately or together (and if together, how);

(f) the period within which any changes to the employer contribution rate under a scheme under section 1 must take effect following a valuation.

(4) Directions under subsection (2) may only be given, and variations and revocations of such directions may only be made, after the Department of Finance and Personnel has consulted the Government Actuary.

(5) Before giving directions under this section the Department of Finance and Personnel must consult such persons (or representatives of such persons) as appear to the Department likely to be affected by the directions.

(6) Scheme regulations for a scheme under section 1 which is not a defined benefits scheme may provide for actuarial valuations to be made of the scheme and any statutory pension scheme which is connected with it; and if they do, subsections (2) to (5) apply.

Commencement Information

I1 S. 11(2)-(4) in operation at 28.4.2014 for specified purposes by S.R. 2014/123, **art. 4(a)**

Employer cost cap

12.—(1) Scheme regulations for a scheme under section 1 which is a defined benefits scheme must set a rate, expressed as a percentage of pensionable earnings of members of the scheme, to be used for the purpose of measuring changes in the cost of the scheme.

(2) In this section, the rate set under subsection (1) is called the "employer cost cap".

(3) The employer cost cap is to be set in accordance with directions given by the Department of Finance and Personnel.

(4) Directions given by the Department of Finance and Personnel may in particular specify—

(a) how the first valuation under section 11 of a scheme under section 1 is to be taken into account in setting the cap;

(b) the costs, or changes in costs, that are to be taken into account on subsequent valuations of a scheme under section 1 for the purposes of measuring changes in the cost of the scheme against the cap;

(c) the extent to which costs or changes in the costs of any statutory pension scheme which is connected with a scheme under section 1 are to be taken into account for the purposes of this section.

(5) Regulations made by the Department of Finance and Personnel must make—

(a) provision requiring the cost of a scheme (and any connected scheme) to remain within specified margins either side of the employer cost cap; and

(b) for cases where the cost of a scheme would otherwise go beyond either of those margins, provision specifying a target cost within the margins.

(6) For cases where the cost of the scheme would otherwise go beyond the margins, scheme regulations may provide for—

(a) a procedure for the responsible authority, the scheme manager (if different), employers and members (or representatives of employers and members) to reach agreement on the steps required to achieve the target cost for the scheme, and

(b) the steps to be taken for that purpose if agreement is not reached under that procedure.

(7) The steps referred to in subsection (6) may include the increase or decrease of members' benefits or contributions.

(8) Regulations made by the Department of Finance and Personnel under this section may—

(a) include consequential or supplementary provision;

(b) make different provision for different schemes.

(9) Regulations made by the Department of Finance and Personnel under this section are subject to negative resolution.

(10) Before giving directions or making regulations under this section the Department of Finance and Personnel must consult such persons (or representatives of such persons) as appear to the Department likely to be affected by the directions or regulations.

Commencement Information

I2 S. 12(2)-(5)(8)(9) in operation at 28.4.2014 for specified purposes by S.R. 2014/123, **art. 4(b)**

VALID FROM 01/04/2015

Employer contributions in funded schemes

13.—(1) This section applies in relation to a scheme under section 1 which is a defined benefits scheme with a pension fund.

(2) Scheme regulations must provide for the rate of employer contributions to be set at an appropriate level to ensure—

(a) the solvency of the pension fund, and

(b) the long-term cost-efficiency of the scheme, so far as relating to the pension fund.

(3) For that purpose, scheme regulations must require actuarial valuations of the pension fund.

(4) Where an actuarial valuation under subsection (3) has taken place, a person appointed by the responsible authority is to report on whether the following aims are achieved—

(a) the valuation is in accordance with the scheme regulations;

(b) the valuation has been carried out in a way which is not inconsistent with other valuations under subsection (3);

(c) the rate of employer contributions is set as specified in subsection (2).

(5) A report under subsection (4) must be published; and a copy must be sent to the scheme manager and (if different) the responsible authority.

(6) If a report under subsection (4) states that, in the view of the person making the report, any of the aims in that subsection has not been achieved—

(a) the report may recommend remedial steps;

(b) the scheme manager must—

(i) take such remedial steps as the scheme manager considers appropriate, and

(ii) publish details of those steps and the reasons for taking them;

(c) the responsible authority may—

(i) require the scheme manager to report on progress in taking remedial steps;

(ii) direct the scheme manager to take such remedial steps as the responsible authority considers appropriate.

(7) The person appointed under subsection (4) must, in the view of the responsible authority, be appropriately qualified and must not be—

(a) an employee of the responsible authority;

(b) the scheme manager;

(c) a scheme member; or

(d) an employee of the Department of Finance and Personnel.

Status:
Point in time view as at 28/04/2014. This version of this cross heading contains provisions that are not valid for this point in time.

Changes to legislation:
There are currently no known outstanding effects for the Public Service Pensions Act (Northern Ireland) 2014, Cross Heading: Cost control.