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The Leading Public Service Union

Brian Campfield General Secretary

BY EMAIL

Committee Clerk
NI Assembly
DFP Committee

9 September 2013

Dear Shane

PUBLIC SERVICE PENSIONS – GAD LETTER 13 JUNE 2013 TO DFP

As you will be aware the Committee and TUS raised serious concerns over the guestimate figure of £262m as produced by GAD, with regard to non-implementation of the Public Service Pension Reforms from April 2015.

Somewhat reluctantly DFP agreed to commission a more accurate figure from GAD, hence the letter of 13 June. The TUS having had the opportunity to consider and discuss the letter with the Management Side of the Public Service Pensions Forum led by DFP (meeting of 4 September) raised a number of fundamental points all of which have not been answered by DFP and they have no intention of taking the matters forward. Post the meeting I formally wrote to DFP outlining the TUS points, a copy of the letter is attached.

Given the content of my letter and the fact that the GAD letter is seriously flawed yet has major ramifications for our members and potentially the NI public expenditure allocation I would be grateful if this correspondence could be circulated to the Committee.

Yours sincerely



BUMPER GRAHAM
NIC-ICTU Co-Chairperson
Public Service Pensions Forum

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The Leading Public Service Union

Brian Campfield General Secretary

Ms G Nesbitt
Department of Finance & Personnel
Civil Service Pensions

9 September 2013

Via e-mail

Dear Grace

GAD COSTINGS: LETTER 13 JUNE 2013

I refer to the discussion of the 4 September at the Public Service Pensions Bill Forum.

I am setting out here the points raised by the TUS on the content of the GAD letter. Also, as advised these points are being raised with the NI Assembly's DFP Committee. The points raised were as follows:-

- First page 1 reference to '**the annual cost in the long-term of not implementing . . .**' What does this mean? All references to date have by your Minister and Departmental officials referred to year 1 reductions to the NI bloc.
- Table top page 2 with total cost at £300m, yet the 'figures are rounded to the nearest £10m', thus giving a range of £250m-£350m. Such a range is not acceptable and raises even more doubt as to the veracity of the oft quoted £262m, now £300m costs. This is continued in para 2 of the second page with the reference to "would be, broadly £300m for each year . . ." In GAD/DFP terms what is the odd £50m +/-?
- At the foot of the 2nd para on page 2 GAD states "It is not clear whether HMT would seek to obtain this money entirely in 2015/16 or over the period 2015/16 to 2022/23". Could you advise as to what discussions have been held with HMT on this point and on all other aspects of the GAD letter of 13 June 2013.
- The 3rd para on page 2 again questions the £300m based on the April 2012 protections but with new schemes having an implementation date of 2016, what is the true figure should this basis apply?
- Para 6 page 3 states "The calculations we have carried out are approximate and are not based on detailed membership data". This statement is mind

blowing, how can DFP or indeed HMT stand over the NI bloc implications when the entire basis of the calculations have been a guessing game by GAD and an expensive one at that.

- Annex A – TUS would question the use of the 5% discount rate and earnings increases at 4.25%. These figures are higher than what is currently applied in actuarial assessments.

As raised at the meeting we need GAD to meet with us and the DFP Committee to fully try and explain how they arrived at the content of the 13 June letter. It is the view of TUS that this again represents an attempt to hike figures to pressurise the NI Assembly and Executive into towing the HMT line on public service pensions reform.

Yours sincerely



BUMPER GRAHAM
NIC ICTU Co-Chair
Public Service Pensions Forum

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